Attachment 1

UNIVERSITY OF CALIFORNIA

Annual Financial Report

20/21

For more than 150 years, the University of California has expanded educational and economic opportunities and provided the spark that has made California a beacon of innovation. Like the state we serve, our pioneering spirit shines a light on what's possible.

UNIVERSITY OF CALIFORNIA

20/21 Annual Financial Report

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Letter from the President

The past year was one we never expected. But the University of California has never turned away from a challenge.

As we contended with the profound disruptions of a global health crisis, the UC community demonstrated remarkable resilience, grit and determination. UC students, faculty and staff quickly transitioned to virtual learning and work. Medical professionals across the UC system cared for COVID patients, developed lifesaving treatments and tested and distributed vaccines. And with the support of state and federal leaders, UC navigated the prolonged financial impacts of the crisis.

Meanwhile, our community engaged in a robust dialogue about racism, policing and systemic injustice, and the importance of creating safe, welcoming and inclusive places for all. We established Juneteenth as a university holiday. And with the inclusive input of UC students, faculty and staff, we developed a systemwide UC Community Safety Plan that will put the university on a path to a more holistic approach to security and well-being for the future.

This spring, the most diverse class in UC's history graduated with their degrees. UC campuses also made record-breaking admissions offers to a new class of undergraduates for Fall 2021. These hard-working students demonstrated an unshakeable commitment to their education during one of the most challenging years in our history.

The University also took important steps forward around access and affordability. The UC Board of Regents recently approved a multi-year tuition stability plan that will provide unprecedented tuition stability and predictability for students and their families, substantially enhance financial aid and affordability for students with financial need, and enable our campuses to maintain and improve the quality of a UC education for future generations of Californians.

We have come a long way over the past year. But there are more challenges ahead. As we look to the coming academic year, we must continue to be vigilant as our communities gather again on campus. We must all do our part to keep each other safe by getting vaccinated and following public health guidance and campus safety protocols. By taking these steps, we can protect our ability to come together to learn, grow and generate new knowledge to make the world a better place.

MICHAEL V. DRAKE, M.D.
PRESIDENT, UNIVERSITY OF CALIFORNIA

Letter from the Executive Vice President, CFO

Along with the rest of the world, the University of California has been significantly impacted by the COVID-19 pandemic this past year. It's been a year of highs and lows that included a brief reduction in cases and deaths last summer, moving into a dark and difficult winter, and then punctuated by the prospect of vaccine availability in early 2021. Our campuses, medical centers and labs did a remarkable job in prioritizing the health and safety of students, staff and faculty above all else. I am proud of the way we have conducted ourselves during these most difficult of circumstances, even while incurring significant financial losses. In this last fiscal year, the University suffered lost revenue and incurred additional expenses of nearly $2.8 billion, bringing the total fiscal impact since the start of the pandemic to nearly $4.5 billion.

Over this past year, we did utilize the historic low interest rates and our access to the capital markets to help our campuses and medical centers weather the storm. In total, the University issued $6.3 billion of bonds, including the largest bond issue ever done in higher education. As campuses were experiencing sustained financial impacts, in July 2020 we issued $1.5 billion in taxable bonds for working capital that enabled the campuses to bridge the fiscal impact. As the pandemic persisted into the following year, we issued another $475 million in taxable bonds in March 2021.

Another bright spot was the University's Federal Government Relations team that worked tirelessly in Washington to advocate for relief funding. These efforts were rewarded by the $1.35 billion the University received under the CARES, HEERF and HEROES acts. We were able to quickly distribute these funds to the campuses to sustain their operations and provide much-needed financial support for our students and their families.

The pandemic has led to human suffering, both through the impact of the virus and also through the disruption to our global economy and all of our institutions. Through the dedication and resilience of our faculty, our staff and our students, I believe it will also forge a stronger University in the years to come. We already see the strength of the University in its draw for California's students. For this fall, we have admitted nearly 85,000 California freshmen as well as our largest class of California transfer students ever. These students reflect the incredible diversity of our state, with over 43% of the new students coming from underrepresented racial and ethnic groups.

We have endured a significant set of challenges in the past year, but we know that these challenges only strengthen the University's commitment to access, affordability and excellence for future generations of California's students.

NATHAN BROSTROM
EXECUTIVE VICE PRESIDENT, CFO
UNIVERSITY OF CALIFORNIA

Facts in Brief *(Unaudited)*

	2021	2020	2019	2018[3]	2017[3]
STUDENTS					
Undergraduate fall enrollment	226,595	226,275	222,670	216,904	210,369
Graduate fall enrollment	65,274	64,964	63,601	62,092	59,743
Total fall enrollment	**291,869**	**291,239**	**286,271**	**278,996**	**270,112**
University Extension course enrollments	334,329	333,586	357,319	348,645	346,365
FACULTY AND STAFF *(full-time equivalents)*	**168,446**	**169,789**	**162,642**	**158,877**	**154,522**
SUMMARY FINANCIAL INFORMATION *(in thousands of dollars, except for retirement plan membership information)*					
UNIVERSITY OF CALIFORNIA					
PRIMARY REVENUE SOURCES					
Student tuition and fees, net[1]	$5,100,747	$5,298,018	$5,170,171	$4,838,764	$4,477,213
Grants and contracts, net	6,234,370	6,248,923	5,976,567	5,709,180	5,440,977
Medical centers, educational activities and auxiliary enterprises, net	21,006,438	19,813,552	18,933,888	17,419,902	16,153,092
State educational appropriations	3,260,441	3,686,105	3,508,102	3,386,151	3,279,520
Federal Pell Grants	607,356	443,282	437,828	421,693	381,650
Private gifts, net	1,571,402	1,516,475	1,441,330	1,315,092	1,161,658
Capital gifts and grants, net	228,422	251,616	195,348	403,164	255,559
Department of Energy laboratories	1,081,254	1,083,215	1,577,244	1,062,428	1,147,233
OPERATING EXPENSES BY FUNCTION					
Instruction	8,126,839	9,042,366	8,267,781	6,939,892	6,966,479
Research	5,194,750	5,492,011	5,249,698	4,744,416	4,579,067
Public service	787,475	829,864	770,436	712,062	670,757
Academic support	3,396,245	3,699,479	3,106,790	2,742,160	2,416,824
Student services	1,205,324	1,365,576	1,355,666	1,206,080	1,168,883
Institutional support	1,897,211	1,929,186	1,714,488	1,437,887	1,443,208
Operation and maintenance of plant	726,874	770,489	733,599	657,883	677,034
Student financial aid[2]	1,097,227	1,018,510	835,237	752,261	721,538
Medical centers	14,306,403	14,438,685	12,779,975	10,749,409	10,451,455
Auxiliary enterprises	1,044,381	1,408,764	1,441,436	1,324,309	1,300,590
Depreciation and amortization	2,320,064	2,184,431	2,100,228	2,027,343	1,909,870
Impairment of capital assets	11,504	12,482	4,056	10,360	7,354
Department of Energy laboratories	1,042,258	1,075,559	1,569,702	1,054,475	1,139,232
Other	67,225	138,004	174,321	88,324	66,936
INCREASE (DECREASE) IN NET POSITION	5,046,600	(3,445,594)	(826,340)	1,811,143	1,059,890
FINANCIAL POSITION					
Investments, at fair value	38,448,400	30,239,155	28,305,077	27,368,997	24,478,362
Capital assets, at net book value	37,996,479	36,543,172	34,229,473	32,325,107	30,669,753
Other assets and deferred outflows	20,969,078	25,022,132	21,641,856	13,027,627	13,462,290
Outstanding debt, including financing obligations	(30,224,076)	(26,652,748)	(24,584,142)	(23,658,777)	(20,502,876)
Obligations for pension and retiree health benefits	(30,811,391)	(45,631,992)	(37,979,627)	(28,637,385)	(30,029,779)
Other liabilities and deferred inflows	(31,448,395)	(19,636,224)	(18,283,548)	(16,270,140)	(15,733,464)
Net position	4,930,095	(116,505)	3,329,089	4,155,429	2,344,286

[1]Scholarship allowances, including both financial aid and fee waivers that are not paid directly to students, are recorded primarily as a reduction of student tuition and fees in the statement of revenues, expenses and changes in net position.

[2]Includes only financial aid paid directly to students. The state-administered California grant awards are not included as expenses since the government determines grantees. College work-study expenses are shown in the programs in which the student worked.

[3]Amounts have not been restated to report fiduciary activities.

	2021	2020	2019	2018	2017
SUMMARY FINANCIAL INFORMATION *(in thousands of dollars, except for retirement plan membership information)*					
UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS					
PRIMARY REVENUE SOURCES					
Private gifts	$1,310,945	$1,301,479	$918,363	$1,340,158	$864,411
PRIMARY EXPENSES					
Grants to campuses	1,350,578	1,292,075	1,134,265	1,100,287	939,784
INCREASE IN NET POSITION	3,670,980	647,424	638,495	1,337,620	1,050,233
FINANCIAL POSITION					
Investments, at fair value	13,910,200	10,224,313	9,978,389	9,239,580	8,206,990
Pledges receivable, net	927,869	842,167	887,992	1,006,183	865,979
Net position	14,760,291	11,089,311	10,441,887	9,803,392	8,465,772
UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM					
PLAN PARTICIPATION					
Plan membership	320,401	314,854	307,875	298,420	289,429
Retirees and beneficiaries currently receiving payments	83,012	80,745	79,084	75,924	72,995
PRIMARY REVENUE SOURCES					
Contributions[1]	$5,615,851	$5,107,118	$4,815,057	$4,759,740	$4,779,464
Interest, dividends and other investment income, net	3,023,265	1,589,132	1,723,614	1,555,260	1,435,299
Net appreciation in the fair value of investments	25,738,318	978,372	3,701,585	5,098,540	8,616,400
PRIMARY EXPENSES					
Benefit payments	4,144,612	3,800,561	3,676,263	3,438,840	3,185,062
Participant and member withdrawals	1,834,962	1,680,533	1,598,933	1,373,405	1,514,990
INCREASE IN NET POSITION	28,328,964	2,122,138	4,897,856	6,563,074	10,079,633
FINANCIAL POSITION					
Investments, at fair value	124,576,493	97,278,282	95,456,703	90,872,718	82,574,019
Members' defined pension plan benefits	91,826,002	70,977,922	70,343,741	66,838,838	62,179,236
Participants' defined contribution plan benefits	34,747,898	27,267,014	25,779,057	24,386,104	22,482,632
ACTUARIAL INFORMATION *(as of the beginning of the year)*					
Actuarial value of assets	73,318,652	70,170,196	66,577,372	61,884,530	57,228,542
Actuarial accrued liability	93,088,224	87,782,652	76,881,052	72,965,272	69,305,423
UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT TRUST					
PLAN PARTICIPATION					
Plan membership	186,726	179,752	175,309	169,655	164,089
Retirees and beneficiaries currently receiving payments	46,751	44,944	43,631	42,325	41,157
PRIMARY REVENUE SOURCES					
Contributions	$350,774	$340,726	$333,107	$338,436	$328,057
Interest, dividends and other investment income, net	208	2,281	3,195	1,634	606
PRIMARY EXPENSES					
Insurance premiums	331,810	338,567	308,674	309,344	290,234
INCREASE (DECREASE) IN NET POSITION	14,803	(91)	23,328	26,867	34,173
FINANCIAL POSITION					
Investments, at fair value	148,451	141,872	136,248	128,091	97,801
Net position for retiree health benefits	171,621	156,818	156,909	133,581	106,714
ACTUARIAL INFORMATION *(as of the beginning of the year)*					
Actuarial value of assets	156,818	156,909	133,581	106,714	72,541
Actuarial accrued liability	23,303,096	19,401,053	18,388,092	18,786,201	21,168,812

[1] *Total contributions to the University of California Retirement Plan and the University of California Retirement Savings Plan.*

Campus Facts in Brief *(Unaudited)*

	BERKELEY	DAVIS	IRVINE	LOS ANGELES	MERCED
STUDENTS					
Undergraduate fall enrollment	30,799	31,293	29,638	31,636	8,276
Graduate fall enrollment	11,548	8,738	7,375	14,364	742
Total fall enrollment	**42,347**	**40,031**	**37,013**	**46,000**	**9,018**
University Extension course enrollments[1]	32,221	61,449	13,869	99,321	1,027
DEGREES CONFERRED[2]					
Bachelor	9,096	8,636	8,955	9,418	1,522
Advanced	4,520	2,319	2,198	4,517	149
Cumulative	688,940	318,244	232,430	618,629	12,265
FACULTY AND STAFF[3] *(full-time equivalents)*	13,808	25,859	16,266	38,118	2,220
LIBRARY COLLECTION[4] *(volumes)*	13,475,065	5,981,627	4,352,668	11,213,341	2,571,412
CAMPUS LAND AREA *(in acres)*	8,163	7,372	1,527	470	8,184

CAMPUS FINANCIAL FACTS[5] *(in thousands of dollars)*	BERKELEY	DAVIS	IRVINE	LOS ANGELES	MERCED
OPERATING EXPENSES BY FUNCTION					
Instruction	$881,600	$962,647	$906,161	$2,784,155	$88,174
Research	580,531	593,718	301,817	940,581	34,992
Public service	61,982	99,449	12,834	184,725	7,504
Academic support	122,925	288,812	282,275	987,438	29,086
Student services	264,698	152,554	102,027	163,765	29,379
Institutional support	276,712	190,912	75,962	211,694	75,638
Operation and maintenance of plant	97,904	106,824	86,951	107,723	29,001
Student financial aid	184,199	130,638	143,108	182,488	36,670
Medical centers		2,602,599	1,400,803	2,711,768	
Auxiliary enterprises	120,676	86,757	130,015	305,473	20,960
Depreciation and amortization	241,115	265,802	235,499	415,533	81,167
Impairment of capital assets	2,070	1,621	1,022	2,716	
Other[6]	17,007	350	11,084	22,711	
Total	**$2,851,419**	**$5,482,683**	**$3,689,558**	**$9,020,770**	**$432,571**
GRANTS AND CONTRACTS REVENUE					
Federal government	$394,936	$444,225	$257,105	$750,216	$28,841
State government	87,797	157,382	18,203	66,606	10,429
Local government	6,778	20,674	3,711	75,638	96
Private	205,421	165,342	112,706	295,335	5,211
Total	**$694,932**	**$787,623**	**$391,725**	**$1,187,795**	**$44,577**
UNIVERSITY ENDOWMENTS					
Nonspendable endowments	$414,219	$128,655	$11,174	$329,877	$16,922
Other endowments	3,474,720	1,461,723	528,173	3,218,728	46,335
Annual income distribution	107,884	45,357	18,430	68,434	2,476
CAMPUS FOUNDATIONS' ENDOWMENTS					
Nonspendable endowments and gifts	1,486,812	328,959	438,604	1,604,267	17,611
Other endowments	1,499,120	314,231	323,505	1,557,710	10,432
CAPITAL ASSETS					
Capital assets, at net book value	3,872,985	4,368,758	3,366,058	7,192,523	1,856,546
Capital expenditures	172,914	691,914	414,104	801,465	48,212

[1] Total courses enrolled in by University Extension students for academic year 2020-21.
[2] As of academic year 2019-20.
[3] As of April 30, 2021.
[4] As of June 30, 2020.
[5] Excludes DOE laboratories.
[6] Includes noncapitalized expenses associated with capital projects and write-off, cancellation and bad debt expenses for loans.

	RIVERSIDE	SAN DIEGO	SAN FRANCISCO	SANTA BARBARA	SANTA CRUZ	SYSTEMWIDE[7]
STUDENTS						
Undergraduate fall enrollment	22,702	31,842		23,202	17,207	
Graduate fall enrollment	3,815	8,678	5,083	2,977	1,954	
Total fall enrollment	**26,517**	**40,520**	**5,083**	**26,179**	**19,161**	
University Extension course enrollments[1]	13,948	54,743		5,734	52,017	
DEGREES CONFERRED[2]						
Bachelor	5,542	7,933		6,583	5,062	
Advanced	1,106	2,981	895	868	499	
Cumulative	137,034	235,579	57,182	257,357	134,613	
FACULTY AND STAFF[3] *(full-time equivalents)*	5,389	27,027	26,115	6,280	4,678	2,686
LIBRARY COLLECTION[4] *(volumes)*	4,895,338	5,648,999	1,296,237	3,325,621	2,503,943	
CAMPUS LAND AREA *(in acres)*	2,130	2,183	195	1,127	6,088	25,719
CAMPUS FINANCIAL FACTS[5] *(in thousands of dollars)*						
OPERATING EXPENSES BY FUNCTION						
Instruction	$359,670	$901,536	$292,788	$365,420	$221,065	$363,623
Research	134,322	850,530	1,181,802	176,179	115,468	284,810
Public service	6,867	28,762	184,197	9,887	43,239	148,029
Academic support	37,622	922,025	327,801	66,792	44,513	286,956
Student services	89,730	143,380	28,056	92,835	97,663	41,237
Institutional support	72,709	231,762	243,500	68,629	53,427	396,266
Operation and maintenance of plant	42,592	38,385	85,381	52,781	43,251	36,081
Student financial aid	84,028	135,415	24,231	126,195	49,653	602
Medical centers		2,396,943	5,194,290			
Auxiliary enterprises	44,656	124,840	35,597	71,397	78,075	25,935
Depreciation and amortization	77,728	373,398	367,869	89,347	66,450	106,156
Impairment of capital assets	562		769		371	
Other[6]	238		416	1,945	8,767	4,707
Total	**$950,724**	**$6,146,976**	**$7,966,697**	**$1,121,407**	**$821,942**	**$1,694,402**
GRANTS AND CONTRACTS REVENUE						
Federal government	$107,510	$575,074	$793,706	$130,734	$91,732	$7,288
State government	15,263	37,414	108,344	8,423	5,567	58,400
Local government	3,201	19,858	247,863	684	1,557	
Private	36,167	359,357	426,845	59,852	31,995	884
Total	**$162,141**	**$991,703**	**$1,576,758**	**$199,693**	**$130,851**	**$66,572**
UNIVERSITY ENDOWMENTS						
Nonspendable endowments	$10,289	$47,926	$152,384	$34,910	$11,493	$80,310
Other endowments	108,120	1,279,137	3,007,939	175,619	120,647	1,804,610
Annual income distribution	2,624	37,226	57,589	6,248	3,990	40,651
CAMPUS FOUNDATIONS' ENDOWMENTS						
Nonspendable endowments and gifts	134,048	576,198	1,048,411	187,740	57,483	
Other endowments	125,551	681,863	1,386,955	190,077	98,214	
CAPITAL ASSETS						
Capital assets, at net book value	1,528,746	6,247,166	6,046,636	1,538,178	1,272,179	706,704
Capital expenditures	155,322	629,064	706,361	61,439	78,100	54,100

[1] *Total courses enrolled in by University Extension students for academic year 2020-21.*
[2] *As of academic year 2019-20.*
[3] *As of April 30, 2021.*
[4] *As of June 30, 2020.*
[5] *Excludes DOE laboratories.*
[6] *Includes noncapitalized expenses associated with capital projects and write-off, cancellation and bad debt expenses for loans.*
[7] *Includes expenses for systemwide and research programs, systemwide support services and administration. Full-time equivalents count includes employees at all campuses involved in systemwide activities, including Agriculture and Natural Resources.*


TAYLOR
Classical

Management's Discussion and Analysis *(Unaudited)*

The objective of Management's Discussion and Analysis is to help readers of the University of California's financial statements better understand the financial position and operating activities for the year ended June 30, 2021, with selected comparative information for the years ended June 30, 2020 and 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, years (2019, 2020 and 2021, etc.) in this discussion refer to the fiscal years ended June 30.

The University of California's financial report communicates financial information for the University of California (the University), the University of California campus foundations (campus foundations), the University of California Retirement System (UCRS) and the University of California Retiree Health Benefit Trust (UCRHBT) through five primary financial statements and notes to the financial statements. Three of the primary statements, the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows, present the financial position, changes in financial position and cash flows for the University and the affiliated campus foundations. The financial statements for the campus foundations are presented discretely from the University. Two of the primary statements, the statements of fiduciary net position and the statements of changes in fiduciary net position, present the financial position and operating activities for UCRS, UCRHBT and the custodial external investment pool funds. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

THE UNIVERSITY OF CALIFORNIA

The University of California, one of the largest and most acclaimed institutions of higher learning in the world, is dedicated to excellence in teaching, research, health care and public service. The University has annual resources of nearly $41.2 billion and encompasses 10 campuses, five medical centers, four law schools and a statewide Division of Agriculture and Natural Resources. The University is also involved in the operation and management of three national laboratories for the U.S. Department of Energy (DOE).

Campuses. The 10 campuses are located in Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara and Santa Cruz. All of the campuses, except San Francisco, offer undergraduate, graduate and professional education; the San Francisco campus is devoted exclusively to graduate and professional education in health sciences.

Health sciences. The University operates one of the nation's largest health science and medical training programs. The instructional program is conducted in 16 health professional schools on six campuses. The University's health programs include five medical centers, two dental schools, three nursing schools, two public health schools and two pharmacy schools, in addition to a school of optometry and a school of veterinary medicine. The University's medical schools play a leading role in the development of health services and the advancement of medical science and research.

Law schools. The University has law schools at Berkeley, Davis, Irvine and Los Angeles. Also, Hastings College of the Law in San Francisco is affiliated with the University, although not included in the financial reporting entity.

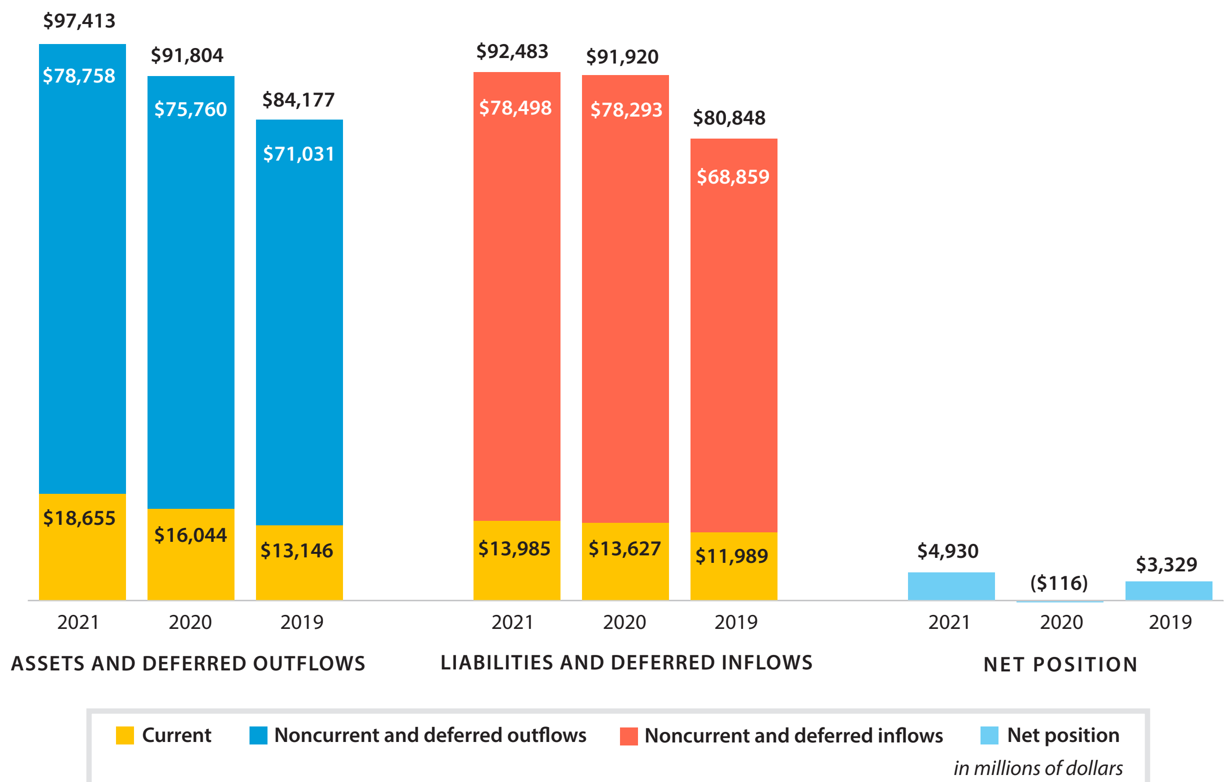
Agriculture and Natural Resources. The Division of Agriculture and Natural Resources is a statewide research and public service organization that serves a large and diverse agricultural community. The division collaborates on research with all campuses and conducts studies at nine research and extension centers and on private land in cooperation with California producers. In addition, research and educational programs are conducted in each of the state's 58 counties.

University Extension. The foremost continuing education program of its kind in size, scope and quality of instruction, University Extension offers almost 20,000 self-supporting courses statewide and in several foreign countries.

National laboratories. Under contract with the DOE, the University operates and manages the Ernest Orlando Lawrence Berkeley National Laboratory (LBNL) in California. The University is also a member in two separate joint ventures, Triad National Security, LLC (Triad) and Lawrence Livermore National Security, LLC (LLNS) that operate and manage the Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL), respectively, under contracts directly with the DOE. The laboratories conduct broad and diverse basic and applied research in nuclear science, energy production, national defense and environmental and health areas.

THE UNIVERSITY'S FINANCIAL POSITION

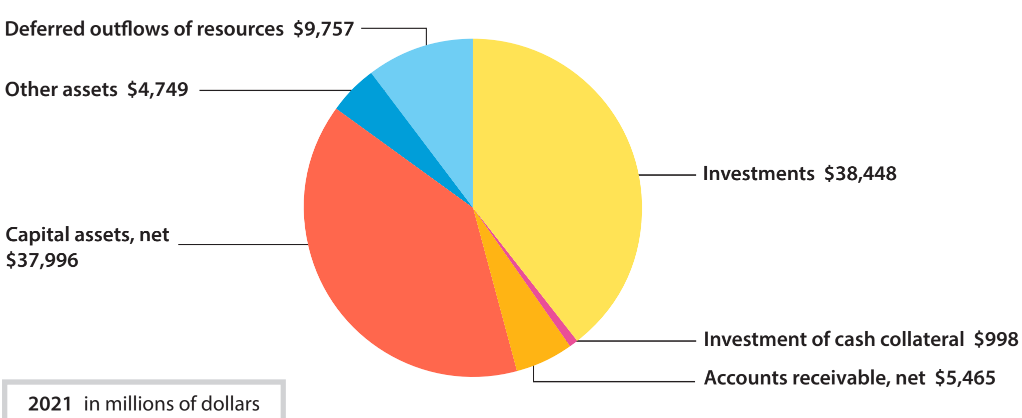
The University implemented a new accounting policy for fiduciary activities which changed the reporting standards for funds held on behalf of others in the University's investment pools. Financial information for 2020 and 2019 has been restated to retroactively apply this new accounting policy.



The statement of net position presents the financial position of the University at the end of each year. It displays all of the University's assets, deferred outflows, liabilities and deferred inflows. The difference between assets, deferred outflows, liabilities and deferred inflows is net position. The major components of the assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2021, 2020 and 2019 are as follows:

(in millions of dollars)	2021	2020	2019
ASSETS			
Investments	$38,448	$30,239	$28,305
Investment of cash collateral	998	387	955
Accounts receivable, net	5,465	5,492	5,407
Capital assets, net	37,996	36,543	34,229
Other assets	4,749	4,521	4,580
Total assets	**87,656**	**77,182**	**73,476**
DEFERRED OUTFLOWS OF RESOURCES	**9,757**	**14,622**	**10,701**
LIABILITIES			
Debt, including commercial paper	30,224	26,653	24,584
Securities lending collateral	998	387	955
Net pension liability	5,895	21,779	18,118
Net retiree health benefits liability	24,916	23,853	19,862
Other liabilities	13,016	11,997	10,501
Total liabilities	**75,049**	**84,669**	**74,020**
DEFERRED INFLOWS OF RESOURCES	**17,434**	**7,251**	**6,828**
NET POSITION			
Net investment in capital assets	13,848	14,443	14,284
Restricted:			
Nonexpendable	1,285	1,264	1,225
Expendable	10,961	8,770	8,211
Unrestricted	(21,164)	(24,593)	(20,391)
Total net position	**$4,930**	**($116)**	**$3,329**

The University's Assets and Deferred Outflows



The University's total assets and deferred outflows of resources have increased to $97.4 billion in 2021, compared to $91.8 billion in 2020 and $84.2 billion in 2019. Capital assets have increased due to continued investments in facilities in excess of depreciation. Investments increased due to positive financial market returns and unspent debt proceeds. Deferred outflows have fluctuated primarily due to changes in the University's net pension and retiree health benefits liabilities.

Investments

Investments held by the University are principally carried in the following investment pools: the Short Term Investment Pool (STIP), the Total Return Investment Pool (TRIP), the Blue and Gold Pool (BGP) and the General Endowment Pool (GEP). Cash for operations and bond proceeds for construction expenditures are invested in STIP. The University uses STIP to meet operational liquidity needs. TRIP provides the opportunity to enhance returns on long-term capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. The University maximizes its use of TRIP while still maintaining sufficient funds in STIP to meet operational and liquidity needs. BGP was created to enhance returns by passively investing funds in the equity and fixed-income markets while still maintaining liquidity. The investment policy for TRIP is balanced between equities and fixed income while the investment policy for BGP is more heavily weighted toward equities. GEP is a balanced portfolio and the primary investment vehicle for individual endowments and funds functioning as endowments.

The Regents of the University of California ("The Regents") utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and at acceptable levels of risk. GEP had positive returns of 33.7 percent in 2021, 5.0 percent in 2020 and 8.2 percent in 2019. BGP commenced operations on April 1, 2019 and had a positive return of 3.5 percent from inception through June 30, 2019. BGP had a negative 5.0 percent return from July 1, 2019 through April 30, 2020, when the pool was liquidated. BGP was restarted on April 1, 2021 and had a positive return of 5.8 percent through June 30, 2021. TRIP had positive returns of 21.2 percent, 1.7 percent and 6.3 percent in 2021, 2020 and 2019, respectively. STIP had positive returns of 0.8 percent, 2.1 percent and 2.2 percent in 2021, 2020 and 2019, respectively.

Investment of cash collateral

The University participates in a securities lending program incorporating securities owned by both the University and UCRS as a means to augment income. Cash collateral fluctuates in response to changes in demand from borrowers and the availability of securities based on the University's asset allocation mix.

Accounts receivable, net

Accounts receivable include amounts due from state and federal governments on contracts and grants, patient receivables for medical centers and professional medical fees, investment income, proceeds from security sales, and amounts due for private grants and contracts. Receivables fluctuate based on the timing of collections and investment sales activity. In 2021 and 2020, medical center accounts receivable increased consistent with the growth in revenues, offset by decreases in other receivables for pending sales of investment securities.

Capital assets, net

The University's enrollment growth and continuing needs for renewal, modernization and seismic correction of existing facilities are the key drivers of capital investments. Capital spending continued at a brisk pace in order to provide the facilities necessary to support the University's teaching, research and public service mission and for patient care. Capital spending includes constructing and renovating academic buildings, research laboratories, libraries, student services, parking structures and infrastructure projects at all 10 campuses and five medical centers. The University has had a goal to increase affordable campus housing for more students, given escalating living costs in many of the surrounding campus communities. The largest capital asset additions in 2021 were related to the construction of housing facilities at various campuses and the continued renovation of facilities for seismic safety. The largest capital asset additions in 2020 were related to the construction of housing facilities at various campuses and the Merced campus expansion, which was completed in 2020. Total additions of capital assets were $3.8 billion in 2021 as compared to $4.6 billion in 2020 and $4.1 billion in 2019.

Other assets

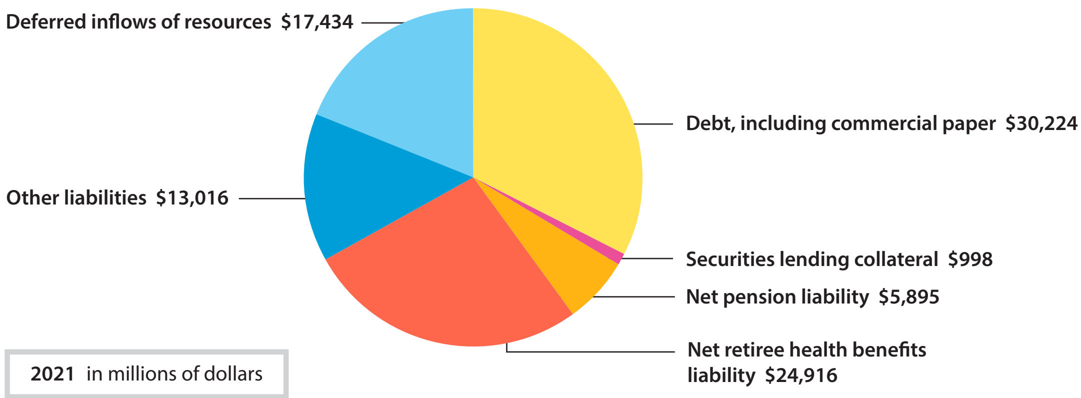
Other assets include cash, investments held by trustees, pledge receivables, note and mortgage receivables, inventories and receivables from the DOE. In 2021, other current assets increased due to higher reinsurance recoveries. In 2020, investments held by trustees decreased due to the use of bond proceeds to construct third-party housing facilities and the retirement of taxable bonds maturing on July 1, 2019. Inventories increased in 2020 due to the purchase of personal protective equipment and laboratory supplies for COVID-19.

The noncurrent receivable from the DOE, which fluctuates with the net pension and retiree health benefits liabilities due to the DOE's continuing responsibility to contribute for retired and terminated vested members of LLNL and LANL, decreased by $417.3 million in 2021 as compared to 2020 and increased by $141.0 million in 2020 as compared to 2019.

Deferred outflows of resources

Changes in fair values of the University's interest rate swaps that are determined to be hedging derivatives, losses on debt refundings, asset retirement obligations and certain changes in the net pension and net retiree health benefits liabilities are reported as deferred outflows of resources. In 2021, deferred outflows decreased due to higher than expected investment returns for the University of California Retirement Plan (UCRP) portfolio. In 2020, deferred outflows increased primarily due to lower than expected investment returns for the UCRP portfolio and the reduction in the discount rate used for estimating the net retiree health benefits liability.

The University's Liabilities and Deferred Inflows



The University's liabilities and deferred inflows of resources increased to $92.5 billion in 2021 as compared to $91.9 billion in 2020 and $80.8 billion in 2019. The change in 2021 was primarily related to the issuance of additional debt to finance capital projects and to fund operations. In 2021, the liability for pension benefits decreased and deferred inflows increased due to favorable market performance in the UCRP investment portfolio. In 2020, the increase was primarily related to increases in the liability for pension benefits and other liabilities.

Debt, including commercial paper

Capital assets are financed from a variety of sources, including University equity contributions, state support, gifts, revenue bonds, bank loans and leases or structures that involve separate legal entities. Commercial paper and bank loans provide interim financing for capital assets during the construction period. In 2021, due to the pandemic and favorable market conditions, the University issued $2.0 billion of debt to fund operations.

Outstanding debt increased by $3.6 billion and $2.1 billion in 2021 and 2020, respectively. A summary of the activity follows:

(in millions of dollars)	**2021**	**2020**
ADDITIONS TO OUTSTANDING DEBT		
General Revenue Bonds	$4,029	
Medical Center Pooled Revenue Bonds		$1,949
Blended Component Unit Revenue Bonds	277	175
Limited Project Revenue Bonds	1,132	
Capital leases	7	48
Other borrowings	20	207
Commercial paper, net		753
Bond premium, net	388	35
Additions to outstanding debt	**5,853**	**3,167**
REDUCTIONS TO OUTSTANDING DEBT		
Refinancing and prepayments	(439)	(218)
Scheduled principal payments	(737)	(752)
Payments on other borrowings	(44)	(25)
Commercial paper, net	(957)	
Amortization of bond premium	(105)	(102)
Reductions to outstanding debt	**(2,282)**	**(1,097)**
Net increase in outstanding debt	**$3,571**	**$2,070**

The University's debt, which is used to primarily finance capital assets, includes $370.0 million, $1.3 billion and $574.5 million of commercial paper outstanding at the end of 2021, 2020 and 2019, respectively. Total debt outstanding was $30.2 billion at the end of 2021 compared to $26.7 billion and $24.6 billion at the end of 2020 and 2019, respectively.

In 2021, General Revenue Bonds of $2.0 billion were issued for operations and $2.0 billion to finance certain facilities and projects. Proceeds of $635.9 million were used to retire bonds. Limited Project Revenue bonds of $1.1 billion were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University. Proceeds of $23.7 million were used to retire bonds. The University sold $411.7 million of tax-exempt Limited Project Revenue Bonds that are expected to be delivered in February 2022 to refinance Limited Project Revenue Bonds that become callable. Additionally, $277.4 million of tax-exempt bonds were issued to finance the construction of third-party housing facilities. Reductions to outstanding debt include $781.0 million for scheduled principal payments.

In 2020, $1.9 billion of Medical Center Pooled Revenue Bonds, including $1.8 billion in long-dated taxable bonds, were issued to finance the acquisition, construction, improvement and renovation of certain facilities at the University's medical centers. Proceeds of $149.2 million were used to refund outstanding Medical Center Pooled Revenue Bonds. Additionally, $175.1 million of tax-exempt bonds were issued to finance the construction of third-party housing facilities. Reductions to outstanding debt include $777.6 million for scheduled principal payments.

The University's General Revenue Bond ratings are currently affirmed at Aa2, AA and AA by Moody's Investors Service, Standard & Poor's and Fitch, respectively, with a positive outlook by Moody's Investors Service and stable outlooks by Standard & Poor's and Fitch. The University's Limited Project Revenue Bonds and Medical Center Pooled Revenue Bonds are currently affirmed at Aa3, AA- and AA- by Moody's Investors Service, Standard & Poor's and Fitch, respectively, with a positive outlook by Moody's Investors Service and stable outlooks by Standard & Poor's and Fitch.

Commercial paper borrowings decreased by $957.0 million in 2021 as compared to 2020 and increased by $752.5 million in 2020 compared to 2019. Commercial paper is primarily used as interim financing for construction projects and short-term financing for other needs. Commercial paper fluctuates based upon the timing of refinancing construction projects with the issuance of long-term revenue bonds. The University has various revolving credit agreements totaling $700.0 million with major financial institutions for the purpose of providing additional liquidity for certain variable-rate demand bonds, commercial paper and for other liquidity needs.

Securities lending collateral

Under the securities lending program, the University records a liability to the borrower for cash collateral received and held by the University for securities on loan at the end of the year. All borrowers are required to provide additional collateral by the next business day if the value of the collateral falls to less than 100 percent of the fair value of the securities lent. The amount of the securities lending collateral liability fluctuates directly with securities lending opportunities and the investment of cash collateral.

Net pension liability and retiree health benefits

The University has a financial responsibility for pension benefits associated with its defined benefit plans and for retiree health benefits. The University's net pension liability was $5.9 billion, $21.8 billion and $18.1 billion in 2021, 2020 and 2019, respectively. The decrease in 2021 and the increase in 2020 were driven by investment returns for the UCRP portfolio. In 2021, market performance was favorable compared to expected returns, and in 2020, market performance was unfavorable compared to expected returns. The total investment rate of return for UCRP was 30.5 percent in 2021, 1.7 percent in 2020 and 6.0 percent in 2019. The discount rate used to estimate the net pension liability was 6.75 percent in 2021, 2020 and 2019, respectively.

LBNL participates in the University's defined benefit pension plan, although the DOE has an ongoing financial responsibility to reimburse the University for LBNL's share of the obligation to UCRP. In addition, under certain circumstances, the University makes contributions to UCRP for LANL and LLNL retirees and, based upon contractual arrangements with the DOE, is reimbursed by the DOE. The University recorded receivables from the DOE of $591.4 million, $1.0 billion and $911.5 million for 2021, 2020 and 2019, respectively, representing the DOE's share of the net pension liability.

The University's net retiree health benefits liability was $24.9 billion, $23.9 billion, and $19.9 billion in 2021, 2020 and 2019, respectively. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health liability based on the current practices of providing retiree health benefits. The University funds the retiree health benefits through UCRHBT based on a projection of benefits on a pay-as-you-go basis, and the assets in the trust are not sufficient to fund retiree health benefits. Therefore, the Bond Buyer 20-year tax-exempt general obligation municipal-bond index rate is used to discount the retiree health benefits liabilities. The increases in the net retiree health benefits liabilities in both 2021 and 2020 were primarily driven by decreases in the discount rates. The discount rates as of June 30, 2021, 2020 and 2019 were 2.16 percent, 2.21 percent and 3.50 percent, respectively.

LBNL participates in the University's retiree health benefits plans and, based on contractual arrangements with the DOE, the University is reimbursed for retiree health benefits costs associated with retirees who previously worked at LBNL. The University recorded receivables from the DOE of $711.5 million, $691.0 million and $667.6 million for 2021, 2020 and 2019, respectively, representing the DOE's share of the net retiree health benefits liability.

Other liabilities

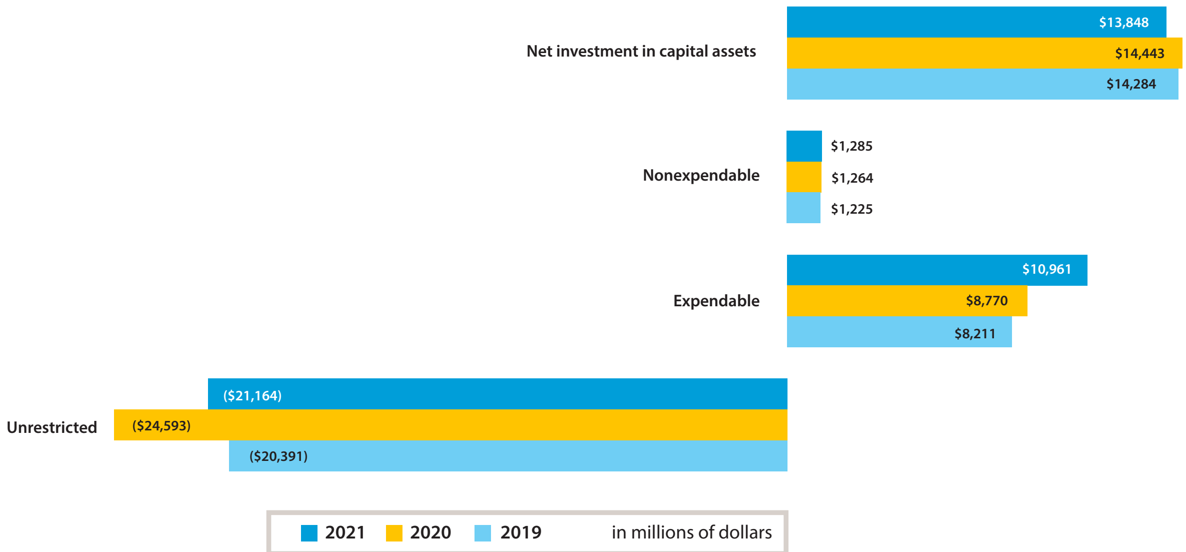
Other liabilities consist of accounts payable, accrued salaries, other employee benefits, unearned revenue, DOE laboratories' liabilities, federal refundable loans, self-insurance liabilities and obligations under split-interest agreements held by the University. Centers for Medicare & Medicaid Services (CMS) modified the advance payment program for health care providers as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the medical centers received advances under this program of $806.4 million and $920.3 million as of June 30, 2021 and 2020, respectively, which is reported in other current liabilities. Accrued salaries increased due to the timing of payroll and benefit payments. Accrued liabilities increased by $403.8 million and $177.5 million at June 30, 2021 and 2020 primarily due to the deferral of deposits for the employer's share of the Social Security taxes as permitted under the CARES Act.

Deferred inflows of resources

Deferred inflows of resources are related to the University's service concession arrangements, gains on debt refundings, sales of certain future patent royalty revenues, changes in the estimated future value of irrevocable split-interest agreements, and certain changes in the net pension and net retiree health benefits liabilities. Changes in deferred inflows of resources were primarily due to fluctuations in the net pension liability related to investment market performance and the retiree health liability as a result of changes in the discount rate.

The University's Net Position

Net position represents the residual interest in the University's assets and deferred outflows after all liabilities and deferred inflows are deducted. The University's net position was positive $4.9 billion in 2021 compared to negative $0.1 billion in 2020 and positive $3.3 billion in 2019. Net position is reported in the following categories: net investment in capital assets; restricted, nonexpendable; restricted, expendable; and unrestricted.



Net investment in capital assets

The portion of net position invested in capital assets, net of accumulated depreciation and the related outstanding debt used to finance the acquisition, construction or improvement of these capital assets, was $13.8 billion in 2021 compared to $14.4 billion in 2020 and $14.3 billion in 2019. To support its growth, the University continues to invest in its physical facilities, and financing with debt is used for a significant portion of the investments. Net investment in capital assets decreased in 2021 by $0.6 billion due to depreciation and disposals outpacing non-financed capital spending.

Restricted, nonexpendable

Restricted, nonexpendable net position includes the corpus of the University's permanent endowments. In 2021 and 2020, the increase in restricted nonexpendable net position was principally due to the receipt of new gifts.

Restricted, expendable

Restricted, expendable net position is subject to externally imposed restrictions governing their use. Net position may be spent only in accordance with the restrictions placed upon them and may include endowment income and gains, subject to the University's spending policy; support received from gifts, state or federal appropriations, and trustee-held investments. The increases or decreases in restricted, expendable funds are principally due to the timing of spending restricted gifts and endowment income and gains.

Unrestricted

Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding University assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the University's reserves are allocated for academic and research initiatives or programs, for capital projects or for other purposes.

THE UNIVERSITY'S RESULTS OF OPERATIONS

The statement of revenues, expenses and changes in net position is a presentation of the University's operating results and indicates whether the financial condition has improved or deteriorated. In accordance with the Governmental Accounting Standards Board (GASB) requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are required to be recorded as nonoperating revenues, including state educational appropriations, private gifts and investment income. A summarized comparison of the operating results for 2021, 2020 and 2019, arranged in a format that matches the revenue supporting the core activities of the University with the expenses associated with these core activities, is as follows:

	2021			2020			2019		
(in millions of dollars)	OPERATING	NONOPERATING	TOTAL	OPERATING	NONOPERATING	TOTAL	OPERATING	NONOPERATING	TOTAL
REVENUES									
Student tuition and fees, net	$5,101		$5,101	$5,298		$5,298	$5,170		$5,170
State educational appropriations		$3,260	3,260		$3,686	3,686		$3,508	3,508
Direct government grants		880	880		684	684			
Federal Pell Grants		607	607		443	443		438	438
Grants and contracts, net	6,234		6,234	6,249		6,249	5,977		5,977
Medical centers, net	15,639	38	15,677	14,170	23	14,193	13,208	34	13,242
Educational activities, net	4,711		4,711	4,229		4,229	4,009		4,009
Auxiliary enterprises, net	656		656	1,415		1,415	1,717		1,717
Department of Energy laboratories	1,081		1,081	1,083		1,083	1,577		1,577
Private gifts, net		1,571	1,571		1,516	1,516		1,441	1,441
Investment income, net		503	503		385	385		442	442
Other revenues	741	158	899	1,046	54	1,100	937	53	990
Revenues supporting core activities	**34,163**	**7,017**	**41,180**	**33,490**	**6,791**	**40,281**	**32,595**	**5,916**	**38,511**
EXPENSES									
Salaries and wages	18,485		18,485	18,427		18,427	16,985		16,985
Pension benefits	2,041		2,041	5,355		5,355	4,340		4,340
Retiree health benefits	1,892		1,892	1,692		1,692	1,292		1,292
Other employee benefits	3,975		3,975	3,593		3,593	3,289		3,289
Scholarships and fellowships	1,120		1,120	1,039		1,039	850		850
Utilities	319		319	318		318	336		336
Supplies and materials	4,790		4,790	4,218		4,218	4,057		4,057
Depreciation and amortization	2,320		2,320	2,184		2,184	2,100		2,100
Department of Energy laboratories	1,043		1,043	1,077		1,077	1,570		1,570
Interest expense		991	991		922	922		767	767
Other expenses	5,239	21	5,260	5,502	89	5,591	5,284	72	5,356
Expenses associated with core activities	**41,224**	**1,012**	**42,236**	**43,405**	**1,011**	**44,416**	**40,103**	**839**	**40,942**
Income (loss) from core activities	**($7,061)**	**$6,005**	**(1,056)**	**($9,915)**	**$5,780**	**(4,135)**	**($7,508)**	**$5,077**	**(2,431)**
OTHER NONOPERATING ACTIVITIES									
Net appreciation in fair value of investments			5,843			406			1,387
Income (loss) before other changes in net position			**4,787**			**(3,729)**			**(1,044)**
OTHER CHANGES IN NET POSITION									
State capital appropriations			1			(1)			
Capital gifts and grants, net			228			252			195
Permanent endowments			29			33			23
Increase (decrease) in net position			**5,045**			**(3,445)**			**(826)**
NET POSITION									
Beginning of year			(116)			3,329			4,155
End of year			**$4,929**			**($116)**			**$3,329**

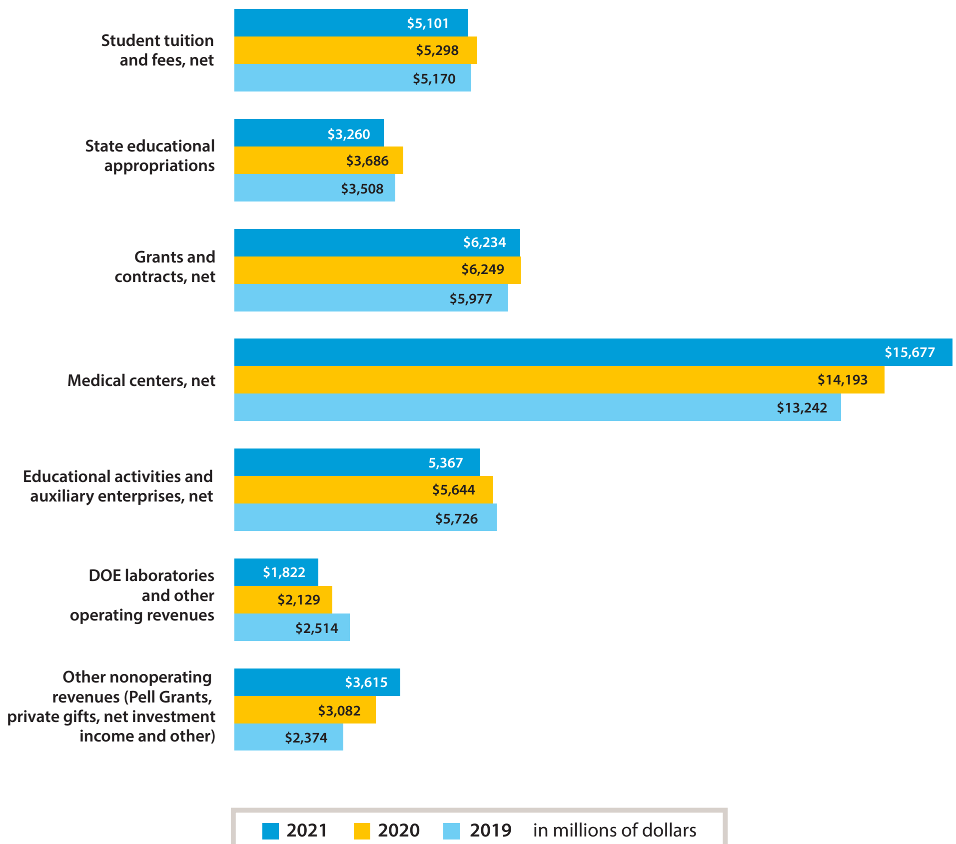
Revenues supporting core activities

Revenues to support the University's core activities, including those classified as nonoperating revenues, were $41.2 billion, $40.3 billion and $38.5 billion in 2021, 2020 and 2019, respectively. These diversified sources of revenue increased by $0.9 billion in 2021 and $1.8 billion in 2020.

The state of California's educational appropriations, in conjunction with student tuition and fees, are the core components that support the instructional mission of the University. Grants and contracts provide opportunities for undergraduate and graduate students to participate in basic research alongside some of the most prominent researchers in the country.

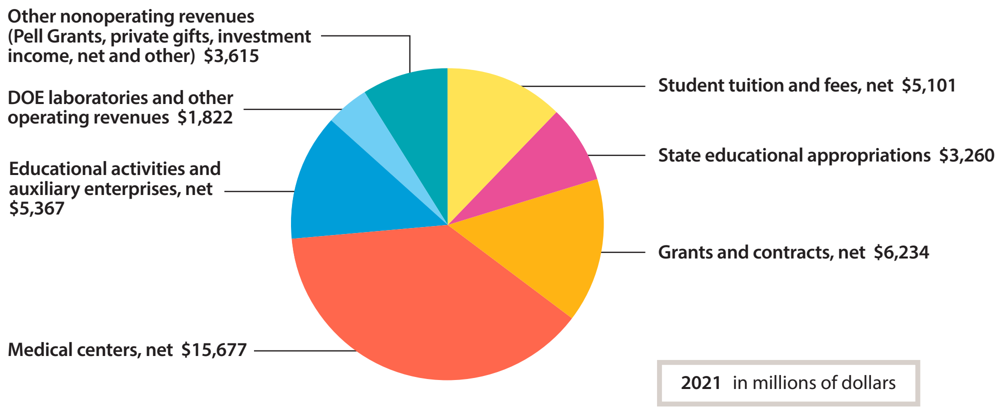
Gifts to the University allow crucial flexibility to faculty for support of their fundamental activities or new academic initiatives. Other significant revenues are from medical centers, educational activities and auxiliary enterprises such as student housing, food service operations and parking.

The growth in certain revenues slowed in 2020 due to the impacts of COVID-19. For 2021, substantially all courses were held online and as a result, occupancy in campus housing was significantly lower than capacity. Revenues in the various categories have changed as follows:



A major financial strength of the University is its diverse source of revenues, including those from student fees, federally sponsored grants and contracts, medical centers, the state of California, private support and auxiliary enterprises. The variety of fund sources has become increasingly important over the past several years.

Categories of both operating and nonoperating revenue that supported the University's core activities in 2021 are as follows:



Student tuition and fees, net

Net student tuition and fees were $5.1 billion, $5.3 billion and $5.2 billion in 2021, 2020 and 2019, respectively. Scholarship allowances, or financial aid, are the difference between the stated charge for tuition and fees and the amount that is paid by the student and third parties on behalf of the student. Scholarship allowances, netted against student tuition and fees, were $1.4 billion, $1.3 billion and $1.2 billion in 2021, 2020 and 2019, respectively. Student tuition and fees, net of scholarship allowances, decreased by $197.3 million in 2021 and increased by $127.8 million in 2020, respectively, due to changes in enrollment and financial aid.

In 2021, enrollment was flat, and in 2020, enrollment grew by 1.7 percent. Mandatory tuition for resident undergraduates remained the same in 2021 and 2020. Certain nonresident undergraduates and resident and nonresident graduate students experienced increases in mandatory tuition and fees. Professional degree supplemental tuition varies by discipline; certain increases were approved for 2021, 2020 and 2019.

State educational appropriations

Educational appropriations from the state of California were $3.3 billion, $3.7 billion and $3.5 billion in 2021, 2020 and 2019, respectively. State educational appropriations decreased in 2021 by $425.7 million due to state cuts related to the pandemic. State educational appropriations increased in 2020 by $178.0 million due to state funding of certain one-time initiatives.

Direct government grants

In 2021 and 2020, the University received funds under certain provisions of the American Rescue Plan Act (ARPA) and CARES Act to minimize the impacts of lost revenues and increased expenses related to COVID-19. The campuses received $456.0 million and $245.0 million in 2021 and 2020, respectively, in grants to provide emergency financial aid to students and to mitigate the impacts of lost revenue and additional technology expenses associated with moving to online education. The medical centers received $424.1 million and $438.6 million in 2021 and 2020, respectively, in CARES Act provider relief funding for lost health care revenues and additional expenses for treating patients with COVID-19.

Grants and contracts, net

Revenue from federal, state, private and local government grants and contracts — including an overall facilities and administration cost recovery of $1.3 billion, $1.2 billion and $1.2 billion in 2021, 2020 and 2019, respectively — was $6.2 billion, $6.2 billion and $6.0 billion in 2021, 2020 and 2019, respectively.

In 2021, federal grants and contracts revenue decreased $127.0 million, or 3.4 percent, as compared to 2020. In 2020, federal grants and contracts revenue increased $179.0 million, or 5.1 percent, as compared to 2019. Federal grants and contracts include federal facilities and administrative cost recovery of $912.6 million, $862.0 million and $829.0 million in 2021, 2020 and 2019, respectively. Changes in the federal budget impact the University's revenues from federal grants and contracts. Grants and contracts revenue, including grants for research related to COVID-19 in 2021 and 2020, is from a variety of federal agencies as indicated below:

(in millions of dollars)	**2021**	**2020**	**2019**
Department of Health and Human Services	$1,947	$2,274	$2,176
National Science Foundation	350	456	461
Department of Education	102	84	81
Department of Defense	219	328	299
National Aeronautics and Space Administration	83	89	91
Department of Energy (excluding national laboratories)	126	134	118
Other federal agencies	754	343	303
Federal grants and contracts net revenue	**$3,581**	**$3,708**	**$3,529**

Medical centers, net

Medical center revenues, net of allowances, increased $1.5 billion, or 10.5 percent, in 2021 and increased $1.0 billion, or 7.2 percent, in 2020. Revenues growth in 2021 was the result of increases in both inpatient and outpatient volumes. In 2020, revenues were impacted due to the lower occupancy starting in March, as the medical centers canceled elective procedures in preparation for an expected flood of patients with COVID-19. In May 2020, some elective procedures resumed and hospital volumes gradually increased; however, volumes were still lower than normal.

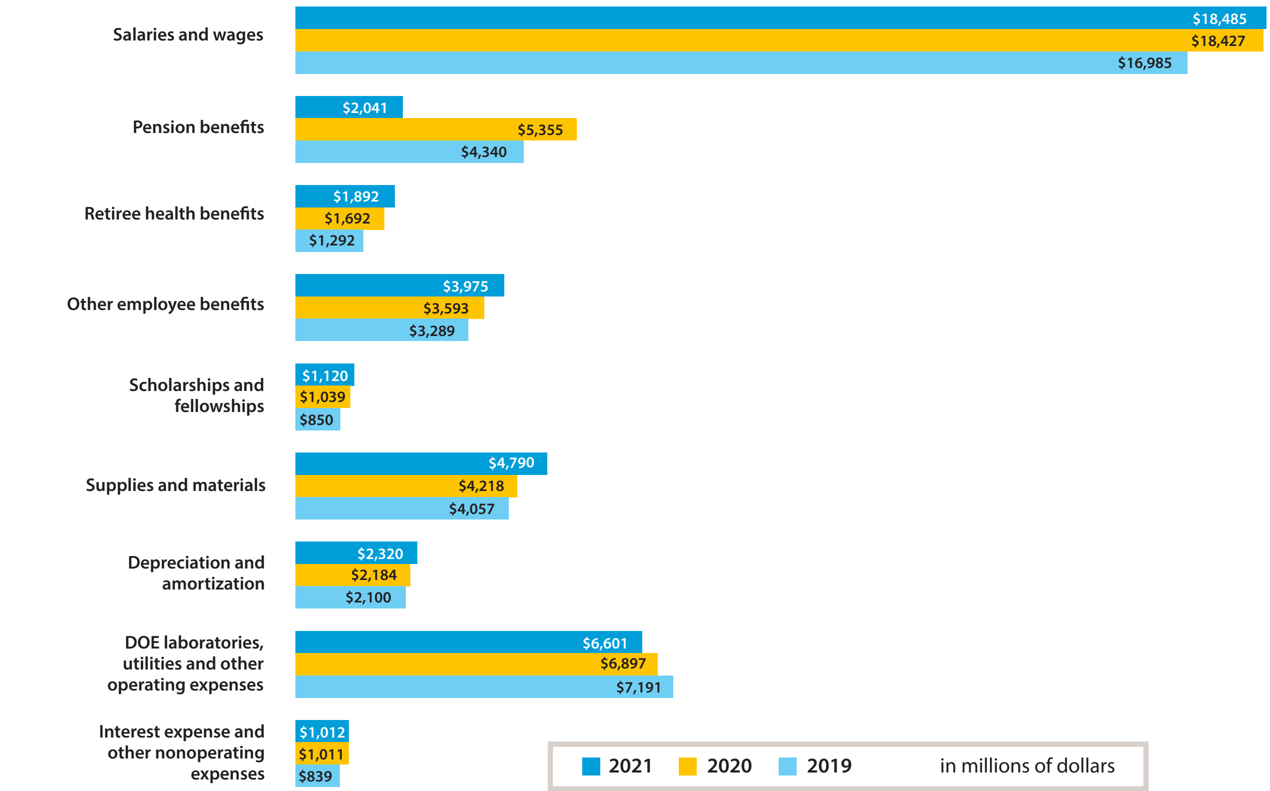
Educational activities and auxiliary enterprises, net

Revenue from educational activities, primarily medical professional fees, net of allowances, increased by $481.9 million, or 11.4 percent, in 2021 and increased by $219.8 million, or 5.5 percent, in 2020. Revenues increased in 2021 due to higher patient volumes. Revenues increased more slowly in 2020 due to the cancellation of clinic visits, starting in March, due to the outbreak of COVID-19.

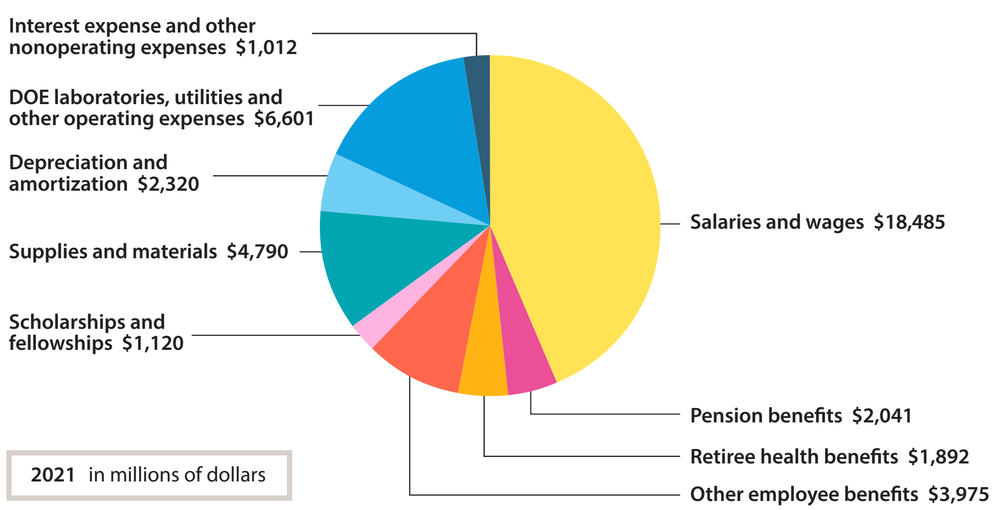
Auxiliary enterprises include housing, food service, parking, bookstores, student centers, unions and child-care centers. Revenue from auxiliary enterprises, net of allowances, decreased by $758.9 million, or 53.6 percent, in 2021 and decreased by $301.6 million, or 17.6 percent, in 2020. In the spring of 2020, students were permitted to cancel housing contracts for the remainder of the academic year. Many students elected to move home and student refunds of $299.0 million were issued related to canceled housing contracts and dining plans. Revenues for auxiliary enterprises decreased significantly in 2021 due to state and local limitations on occupancy for housing and dining facilities.

Expenses associated with core activities

Expenses associated with the University's core activities, including those classified as nonoperating expenses, were $42.1 billion, $44.4 billion and $40.9 billion in 2021, 2020 and 2019, respectively. Expenses decreased in 2021 by $2.3 billion and increased in 2020 by $3.5 billion. The University's operations continued to grow, principally at the medical centers, and expenses increased consistent with the overall growth in operations. In 2021, pension expenses, representing the largest change, decreased by $3.3 billion due to favorable market performance in the UCRP investment portfolio. In 2020, supplies and equipment expenses increased due to COVID-19, pension expenses increased due to lower than expected returns and retiree health benefits increased due to a lower discount rate. Expenses in the various categories are as follows:



Categories of both operating and nonoperating expenses related to the University's core activities in 2021 are as follows:



Salaries and benefits

Approximately two-thirds of the University's expenses are related to salaries and benefits. There were 168,400 full-time equivalent (FTE) employees in 2021, excluding employees who were associated with LBNL, whose salaries and benefits were included as laboratory expenses, as compared to 169,800 FTEs in 2020. Total salaries and benefits decreased by 10.0 percent in 2021 and increased by 12.2 percent in 2020, primarily driven by the changes in pension and retiree health expenses.

In 2021, salaries increased by 0.4 percent, comprised of a decrease of 0.8 percent in the number of FTEs and 1.2 percent increase in the average salary per FTE. As a means to manage the workforce during the 2021 academic year when virtually all classes were held online and housing occupancy was limited, the University used a variety of programs, such as redeploying workers to other positions, delaying hiring and instituting temporary layoffs resulting in a slight decrease in FTEs. Employee benefits, excluding pension and retiree health care benefits, increased by $382.4 million, or 10.6 percent, in 2021, since the University continued to provide certain benefits to employees, including those that were temporarily laid off. Pension expense decreased by $3.3 billion, or 61.9 percent, due to higher than expected investment returns. Retiree health benefits expense increased by $199.4 million or 11.8 percent due to the decrease in the discount rate.

In 2020, salaries increased by 8.5 percent, 4.5 percent due to an increase in the number of FTEs and 4.0 percent due to an increase in the average salary per FTE. Even though the University moved to online learning starting in March 2020, the University elected not to lay off any employees before June 30, 2020. Employee benefits, excluding pension and retiree health care benefits, increased by $304.1 million, or 9.2 percent in 2020, which is less than the increase in FTEs due to the management of healthcare costs. Pension expense increased by $1.0 billion or 23.4 percent due to lower than expected investment returns. Retiree health benefits expense decreased by $399.9 million or 30.9 percent due to the decrease in the discount rate.

Scholarships and fellowships

The University places a high priority on student financial aid as part of its commitment to affordability. Scholarship allowances, representing financial aid and fee waivers awarded by the University, were $2.6 billion, $2.5 billion and $2.3 billion in 2021, 2020 and 2019, respectively. Scholarships and fellowships, representing payments of financial aid made directly to students and reported as an operating expense were $1.1 billion, $1.0 billion and $850.4 million in 2021, 2020 and 2019, respectively. On a combined basis, as the University continues its commitment to provide financial support for needy students, financial aid in all forms increased by $51.6 million, or 2.0 percent, in 2021 as compared to 2020, and by $200.4 million, or 8.6 percent, in 2020 as compared to 2019. Increases in financial aid, scholarships and fellowships slowed in 2021 since virtually all classes were held online and housing occupancy was limited. Increases in financial aid, scholarships and fellowships in 2020 are consistent with increases in enrollment, tuition and fees and housing costs. The University's practice is to minimize the impact of cost increases on first-generation and low-income students. Financial aid includes direct payments to students of $135.9 million and $116.4 million in 2021 and 2020, respectively, related to funds received under the CARES Act.

Supplies and materials

During 2021 and 2020, supplies and materials costs increased by $572.3 million, or 13.6 percent and $161.0 million, or 4.0 percent, respectively. The largest increases occurred at the medical centers due to patient volumes. In 2021 and 2020, the need for personal protective, laboratory and cleaning supplies due to the outbreak of COVID-19 caused significant increases in supplies expense. In recent years, there has been inflationary pressure on the costs for medical supplies and laboratory instruments and higher costs for general supplies necessary to support expanded medical patient volumes. The University continues to find opportunities to manage the costs of supplies and materials.

Other expenses

Other expenses consist of a variety of expense categories, including travel, rent, insurance, legal settlements and repairs and maintenance, plus any gain or loss on disposals of capital assets and other nonoperating expenses.

Operating losses

In accordance with the GASB's reporting standards, operating losses were $7.1 billion, $9.9 billion and $7.5 billion in 2021, 2020 and 2019, respectively. The operating losses in 2021, 2020 and 2019 were offset by $6.0 billion, $5.8 billion and $5.1 billion, respectively, of net nonoperating revenue that supports core operating activities of the University. Expenses exceeded revenues associated with core activities by $1.1 billion, $4.1 billion and $2.4 billion in 2021, 2020 and in 2019, respectively. In 2021, the net loss is due to limited housing occupancy and increased expenses as a result of COVID-19, offset by a decrease in pension expense due to favorable market performance in the UCRP investment portfolio. In 2020, the net loss is due to lost revenues and increased expenses as a result of COVID-19 and higher pension expense related to lower than expected investment earnings.

Other nonoperating activities

The University's other nonoperating activities, consisting of net appreciation or depreciation in the fair value of investments, are noncash transactions and, therefore, are not available to support operating expenses. In 2021, 2020 and 2019, the University recognized net appreciation in the fair value of investments of $5.8 billion, $0.4 billion and $1.4 billion, respectively. The University's portfolio returns fluctuate with the overall performance in the investment markets.

Other changes in net position

Similar to other nonoperating activities discussed above, other changes in net position are also not available to support the University's operating expenses in the current year. State capital appropriations and capital gifts and grants may only be used for the purchase or construction of the specified capital assets. Only income earned from gifts of permanent endowments is available in future years to support the specified program.

THE UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS

Separate foundations at each individual campus provide valuable assistance in fundraising, public outreach and other support for the missions of the campus and the University. Although independent boards govern each of the foundations, they are affiliated with, and their assets are dedicated for, the benefit of the University of California.

The Campus Foundations' Financial Position

The campus foundations' statement of net position presents their combined financial position at the end of the year. It displays all of the campus foundations' assets, liabilities, deferred inflows and net position. The difference between assets, liabilities and deferred inflows is net position, representing a measure of the current financial condition of the campus foundation.

The major components of the combined assets, liabilities and net position of the campus foundations at June 30, 2021, 2020 and 2019 are as follows:

(in millions of dollars)	**2021**	**2020**	**2019**
ASSETS			
Investments	$13,910	$10,224	$9,978
Investment of cash collateral		42	36
Accounts receivable, net	49	102	37
Pledges receivable, net	928	842	888
Other assets	473	478	579
Total assets	**15,360**	**11,688**	**11,518**
LIABILITIES			
Current liabilities	160	214	419
Noncurrent liabilities	182	173	428
Total liabilities	**342**	**387**	**847**
DEFERRED INFLOWS OF RESOURCES	**258**	**213**	**229**
NET POSITION			
Restricted:			
Nonexpendable	5,892	5,326	4,885
Expendable	8,043	5,106	5,018
Unrestricted	825	657	539
Total net position	**$14,760**	**$11,089**	**$10,442**

Investments increased in 2021 and 2020 due to the performance of the financial markets. The Board of Trustees for each campus foundation is responsible for its specific investment policy, although asset allocation guidelines are recommended to campus foundations by the Investments Committee of The Regents. The Boards of Trustees may determine that all or a portion of their investments will be managed by the University's Chief Investment Officer. The Chief Investment Officer managed $3.8 billion, $3.0 billion and $2.9 billion of the campus foundations' investments at the end of 2021, 2020 and 2019, respectively.

Net position represents the residual interest in the assets after all liabilities and deferred inflows are deducted. Restricted, nonexpendable net position includes the corpus of the campus foundations' permanent endowments, and new gifts are the primary reason for the increase each year. Restricted, expendable net position is subject to externally imposed restrictions and is only available in accordance with the restrictions placed upon it by donors. Restricted, expendable net position also includes endowment income and investment gains, subject to each individual campus foundation's spending policy. New gifts less grants to campuses and changes in the fair value of investments were the primary reasons for the changes in net position in 2021 and 2020.

The Campus Foundations' Results of Operations

The campus foundations' combined statement of revenues, expenses and changes in net position is a presentation of their operating results for the year. It indicates whether their financial condition has improved or declined during the year.

A summarized comparison of the operating results for 2021, 2020 and 2019 is as follows:

(in millions of dollars)	**2021**	**2020**	**2019**
OPERATING REVENUES			
Private gifts and other revenues	$1,311	$1,303	$919
Total operating revenues	**1,311**	**1,303**	**919**
OPERATING EXPENSES			
Grants to campuses and other expenses	1,390	1,330	1,170
Total operating expenses	**1,390**	**1,330**	**1,170**
Operating loss	**(79)**	**(27)**	**(251)**
NONOPERATING REVENUES			
Investment income	68	51	71
Net appreciation in fair value of investments	3,156	180	361
Income before other changes in net position	**3,145**	**204**	**181**
OTHER CHANGES IN NET POSITION			
Permanent endowments	526	443	458
Increase in net position	**3,671**	**647**	**639**
NET POSITION			
Beginning of year	11,089	10,442	9,803
End of year	**$14,760**	**$11,089**	**$10,442**

Operating expenses generally consist of grants to University campuses. Grants to the campuses include current-use donor gifts, the annual income distributions on endowments and gift fees. Grants to campuses typically follow the pattern indicated by private gift revenue; however, the campuses' programmatic needs are also taken into consideration, subject to abiding by the restricted purposes specified by the donor for the use of gifts and endowment income.

Since gifts are transferred only when the cash is received and investment income is classified as nonoperating income, operating losses can occur when grants distributed to the campuses exceed gift revenues.

THE UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)

UCRS is a valuable component of the comprehensive benefits package offered to employees of the University. UCRS consists of two defined benefit plans and four defined contribution plans. The defined benefit plans include the University of California Retirement Plan (UCRP) for members and the California Public Employees' Retirement System (CalPERS) Voluntary Early Retirement Incentive Plan (UC-VERIP) for certain University employees that were members of CalPERS who elected early retirement. The University of California Retirement Savings Program (UCRSP) includes four defined contribution plans (Defined Contribution Plan, Supplemental Defined Contribution Plan, 403(b) Plan and 457(b) Plan), with several investment portfolio options for participants' elective and nonelective contributions.

UCRS' Financial Position and Result of Operations

The statements of fiduciary net position present the financial position of UCRS at the end of the fiscal year. It displays all of the retirement system's assets, liabilities and net position. The difference between assets and liabilities is the net position held in trust for pension benefits. These represent amounts available to provide pension benefits to members of UCRP and participants in the defined contribution plans and UC-VERIP. At June 30, 2021, UCRS' assets were $137.2 billion, liabilities were $10.6 billion and net position held in trust for pension benefits was $126.6 billion, an increase of $28.3 billion from 2020. At June 30, 2020, UCRS' assets were $109.5 billion, liabilities were $11.3 billion and net position held in trust for pension benefits was $98.2 billion, an increase of $2.1 billion from 2019.

The major components of the assets, liabilities and net position available for pension benefits for 2021, 2020 and 2019 are as follows:

(in millions of dollars)	2021	2020	2019
ASSETS			
Investments	$124,576	$97,278	$95,457
Participants' interests in mutual funds	2,407	1,829	1,692
Investment of cash collateral	9,369	7,589	6,129
Other assets	837	2,828	1,488
Total assets	**137,189**	**109,524**	**104,766**
LIABILITIES			
Securities lending collateral	9,369	7,589	6,127
Other liabilities	1,246	3,690	2,517
Total liabilities	**10,615**	**11,279**	**8,644**
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Members' defined benefit plan benefits	91,826	70,978	70,344
Participants' defined contribution plan benefits	34,748	27,267	25,779
Total net position held in trust for pension benefits	**$126,574**	**$98,245**	**$96,123**

The statements of changes in fiduciary net position include the presentation of UCRS' operating results. The statements indicate whether the financial condition has improved or deteriorated during the year. A summarized comparison of the operating results for 2021, 2020 and 2019 is as follows:

(in millions of dollars)	2021	2020	2019
ADDITIONS			
Contributions	$5,616	$5,107	$4,815
Net appreciation in fair value of investments	25,738	978	3,701
Investment and other income, net	3,023	1,590	1,725
Total additions	**34,377**	**7,675**	**10,241**
DEDUCTIONS			
Benefit payments and participant withdrawals	5,979	5,481	5,275
Plan expenses	69	72	68
Total deductions	**6,048**	**5,553**	**5,343**
Increase in net position held in trust for pension benefits	**$28,329**	**$2,122**	**$4,898**

The Regents' asset allocation strategies are intended to generate investment returns over time in accordance with investment objectives and at acceptable levels of risk. The overall investment return for UCRP was 30.5 percent in 2021 as compared to 1.7 percent in 2020 and 6.0 percent in 2019.

The participants' interests in mutual funds, representing defined contribution plan contributions to certain mutual funds on a custodial plan basis, fluctuate based upon market performance of the mutual funds and participant investment elections.

UCRS participates in the University's securities lending program as a means to augment income. All borrowers are required to provide collateral, and the University records a liability to the borrower for cash collateral received and held by the University for securities on loan at the end of the year. Investments in cash collateral and the securities lending collateral liability fluctuate in response to changes in demand from borrowers and the availability of securities based upon the UCRS asset allocation mix.

Contributions to UCRP were $3.8 billion, $3.5 billion and $3.4 billion in 2021, 2020 and 2019, respectively, which include University contributions and contributions from employees of $1.1 billion, $1.0 billion and $0.9 billion in 2021, 2020 and 2019, respectively. Contributions also included additional deposits by the University of $600.0 million, $500.0 million and $500.0 million made by the University in 2021, 2020 and 2019, respectively. University contribution rates to UCRP were 14.5 percent of covered payroll in 2021 and 14.0 percent of covered payroll in 2020 and 2019. Employee contribution rates ranged between 7.0 percent and 9.0 percent in 2021, 2020 and 2019. Contributions to the retirement savings plans were $1.9 billion, $1.6 billion and $1.4 billion in 2021, 2020 and 2019, respectively.

Benefit payments and participant withdrawals were $498.5 million more in 2021 than in 2020 and $205.9 million more in 2020 than in 2019. Payments from UCRP increase each year due to a growing number of retirees receiving payments and cost-of-living adjustments (COLAs). Benefit payments from UCRSP fluctuate based upon member withdrawals. Participant withdrawals increased by $144.0 million, or 9.4 percent, in 2021 as compared to 2020, and increased by $77.4 million, or 5.3 percent, in 2020 as compared to 2019. As of June 30, 2021, over 83,000 retirees and beneficiaries were receiving payments from UCRP as compared to over 80,700 as of June 30, 2020 and 79,100 as of June 30, 2019.

The net pension liability for UCRP was $5.9 billion in 2021, $21.7 billion in 2020 and $18.1 billion in 2019. The decrease in net pension liability for 2021 of $15.8 billion was primarily due to better than expected investment returns on the UCRP investment portfolio. The increase in net pension liability of $3.6 billion for 2020 was primarily due to lower than expected investment returns on the UCRP investment portfolio. The ratio of plan net position to total pension liability was 93.9 percent in 2021, 76.6 percent in 2020 and 79.5 percent in 2019.

Additional information on the retirement plans can be obtained from the 2021 annual reports of the University of California Retirement System by writing to the University of California, Office of the President, Human Resources and Benefits, Post Office Box 24570, Oakland, California 94623.

THE UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT TRUST (UCRHBT)

UCRHBT was established on July 1, 2007 to allow certain University locations — primarily campuses and medical centers — that share the risks, rewards and costs of providing for retiree health benefits the opportunity to fund such benefits on a cost-sharing basis and accumulate funds under an arrangement segregated from University assets. The University contributes toward retiree medical and dental benefits, although it does not contribute toward the cost of other benefits available to retirees. The DOE laboratories do not participate in UCRHBT, therefore the DOE has no interest in the trust's assets.

UCRHBT's Financial Position and Result of Operations

The statements of fiduciary net position present the financial position of the UCRHBT at the end of the fiscal year. It displays the UCRHBT's assets, liabilities and net position. The difference between assets and liabilities is the net position held in trust for retiree health benefits. This represents amounts available to provide retiree health benefits to participants.

The major components of the assets, liabilities and net position available for retiree health benefits for 2021, 2020 and 2019 were as follows:

(in millions of dollars)	**2021**	**2020**	**2019**
ASSETS			
Investments	$148	$142	$136
Other assets	41	37	40
Total assets	**189**	**179**	**176**
LIABILITIES			
Total liabilities	**17**	**22**	**19**
NET POSITION HELD IN TRUST FOR RETIREE HEALTH BENEFITS			
Total net position held in trust for retiree health benefits	**$172**	**$157**	**$157**

The statements of changes in fiduciary net position include the presentation of UCRHBT's operating results and indicates whether the financial condition has improved or deteriorated during the year. Summarized operating results for 2021, 2020 and 2019 are as follows:

(in millions of dollars)	**2021**	**2020**	**2019**
ADDITIONS			
Contributions	$351	$341	$333
Investment and other income		2	3
Total additions	**351**	**343**	**336**
DEDUCTIONS			
Insurance premiums and payments	332	339	309
Plan expenses	4	4	4
Total deductions	**336**	**343**	**313**
Change in net position held in trust for retiree health benefits	**$15**		**$23**

Contributions for retiree health benefits are made by the campuses and medical centers based upon projected pay-as-you-go financing. The University acts as a third-party administrative agent on behalf of UCRHBT to pay health care insurers and administrators amounts currently due.

The retiree health benefits provided under the University's plan and any liabilities related to the future funding requirements for the retiree health benefits are reported by the University. The net retiree health liability for UCRHBT was $24.2 billion, $23.1 billion and $19.2 billion in 2021, 2020 and 2019, respectively.

LOOKING FORWARD

The University of California is a world center of learning, known for generating a steady stream of talent, knowledge and social benefits, and has always been at the center of California's capacity to innovate. The excellence of its programs attracts the best students, leverages hundreds of millions of dollars in state, federal and private funding and promotes discovery of new knowledge that fuels economic growth.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally, in the United States and in the state, including cities and counties throughout the state. There have been and may continue to be material financial impacts to the University due to COVID-19 that will affect financial results for 2022 and potentially beyond.

The Governor signed the 2021-22 State Budget Act on July 12, 2021. State funds allocated to the University total $4.7 billion, including $728.6 million in one-time funding. The Budget Act reflects an increase of 15.8 percent to the University's base budget over 2020-21 levels, and an increase of 7.6 percent to the University's base budget over 2019-20 levels. In total, the University received an increase of $547.9 million in ongoing support, with permanent funding provided for the following: $302.4 million to restore cuts to the University's budget made in 2019-20, $173.2 million to sustain the University's core operations, and $72.3 million for various programs that benefit the state, such as UC Agriculture and Natural Resources and Programs in Medical Education (PRIME).

The University remains highly competitive in attracting federal grants and contracts revenue, with fluctuations in the awards received closely paralleling trends in the budgets of federal research granting agencies. Over two-thirds of the University's federal research revenue comes from two agencies, the Department of Health and Human Services, primarily through the National Institutes of Health, and the National Science Foundation. Other agencies that figure prominently in the University's awards are the Department of Education, Department of Defense, the National Aeronautics and Space Administration and the Department of Energy. The University is a unique national resource for helping the nation address competitiveness and economic initiatives.

The University's medical centers continue to face financial and competitive challenges in their regional markets, along with the added costs and responsibilities related to their function as academic institutions. The demand for health care services and the cost of providing them continue to increase significantly. In addition to the rising costs of salaries, benefits and medical supplies faced by hospitals across the state, along with the costs of maintaining and upgrading facilities, the University's medical centers also face additional costs associated with seismic retrofitting, new technologies, biomedical research, the education and training of health care professionals and the care for a disproportionate share of the medically underserved in California. Other than Medicare and Medi-Cal (California's Medicaid program), health insurance payments do not recognize the added cost of teaching in their payment to academic medical centers. The growth in costs of the publicly funded programs and health care reform will likely continue to reduce rates or limit payment growth, placing downward pressure on operating results for the medical centers.

The University must have a balanced array of many categories of facilities to meet its education, research and public service goals and continues to assess its long-term capital requirements. Support for the University's capital program is expected to be provided from a combination of sources, including the state of California, external financing, gifts and other sources.

Additional information concerning state budget matters and the state's financial condition may be found on the website of the California Department of Finance at www.dof.ca.gov.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the University, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the University expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.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Report of Independent Auditors

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

We have audited the accompanying financial statements of the University of California (the "University"), a component unit of the State of California, its aggregate discretely presented component units, the University of California Retirement System, the University of California Retiree Health Benefit Trust, and the aggregate remaining fund information as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University of California's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of California, its aggregate discretely presented component units, the University of California Retirement System, the University of California Retiree Health Benefit Trust, and the aggregate remaining fund information as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the University changed the manner in which it accounts for fiduciary funds in 2021. Our opinion is not modified with respect to this matter.

Other Matter

The accompanying management's discussion and analysis on pages 12 through 31 and the required supplemental information on pages 112 through 122 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

San Francisco, California
October 15, 2021

UNIVERSITY OF CALIFORNIA

STATEMENTS OF NET POSITION

	UNIVERSITY OF CALIFORNIA		CAMPUS FOUNDATIONS	
At June 30, 2021 and 2020 (in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
ASSETS				
Cash and cash equivalents	$678,069	$355,748	$336,671	$357,849
Short-term investments	9,873,974	8,392,586	886,902	779,681
Investment of cash collateral	973,402	350,610		37,995
Investments held by trustees	279,160	424,627		
Accounts receivable, net	5,464,884	5,491,637	49,288	102,426
Pledges receivable, net	82,318	29,581	194,543	194,541
Current portion of notes and mortgages receivable, net	61,586	63,855		
Inventories	348,770	340,359		
Department of Energy receivable	122,310	174,578		
Other current assets	770,066	420,703	4,700	14,124
Current assets	**18,654,539**	**16,044,284**	**1,472,104**	**1,486,616**
Investments	28,574,426	21,846,569	13,023,298	9,444,632
Investment of cash collateral	25,039	36,722		3,979
Investments held by trustees	361,212	287,360		
Pledges receivable, net	43,998	45,378	733,326	647,626
Notes and mortgages receivable, net	357,864	357,447	250	250
Department of Energy receivable	1,302,863	1,720,129		
Capital assets, net	37,996,479	36,543,172		
Other noncurrent assets	340,339	301,264	131,512	105,992
Noncurrent assets	**69,002,220**	**61,138,041**	**13,888,386**	**10,202,479**
Total assets	**87,656,759**	**77,182,325**	**15,360,490**	**11,689,095**
DEFERRED OUTFLOWS OF RESOURCES	**9,757,198**	**14,622,134**		
LIABILITIES				
Accounts payable	1,953,877	2,738,260	17,118	27,423
Accrued salaries	1,168,682	1,530,351		
Employee benefits	1,705,246	752,354		
Unearned revenue	1,789,410	1,665,429	65,544	35,386
Collateral held for securities lending	998,441	387,337		41,974
Commercial paper	370,000	1,327,000		
Current portion of long-term debt	1,840,330	1,996,183		
Department of Energy laboratories' liabilities	131,459	158,123		
Other current liabilities	4,027,442	3,071,694	77,573	109,824
Current liabilities	**13,984,887**	**13,626,731**	**160,235**	**214,607**
Federal refundable loans	197,520	220,379		
Self-insurance	983,114	778,778		
Obligations under life income agreements	37,331	37,606	159,425	146,119
Long-term debt	28,013,746	23,329,565	248	
Net pension liability	5,894,952	21,779,120		
Net retiree health benefits liability	24,916,439	23,852,872		
Other noncurrent liabilities	1,021,623	1,044,538	22,779	26,539
Noncurrent liabilities	**61,064,725**	**71,042,858**	**182,452**	**172,658**
Total liabilities	**75,049,612**	**84,669,589**	**342,687**	**387,265**
DEFERRED INFLOWS OF RESOURCES	**17,434,250**	**7,251,375**	**257,512**	**212,519**
NET POSITION				
Net investment in capital assets	13,848,413	14,443,373		
Restricted:				
Nonexpendable: endowments and gifts	1,238,159	1,216,561	5,892,517	5,326,577
Nonexpendable: reserved for minority interests	46,452	47,093		
Expendable	10,960,926	8,769,641	8,042,524	5,105,784
Unrestricted	(21,163,855)	(24,593,173)	825,250	656,950
Total net position	**$4,930,095**	**($116,505)**	**$14,760,291**	**$11,089,311**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	UNIVERSITY OF CALIFORNIA		CAMPUS FOUNDATIONS	
Years ended June 30, 2021 and 2020 (in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
OPERATING REVENUES				
Student tuition and fees, net	$5,100,747	$5,298,018		
Grants and contracts, net:				
Federal	3,581,367	3,707,625		
State	573,828	574,662		
Private	1,699,115	1,608,449		
Local	380,060	358,187		
Medical centers, net	15,639,398	14,169,528		
Educational activities, net	4,710,758	4,228,866		
Auxiliary enterprises, net	656,282	1,415,158		
Department of Energy laboratories	1,081,254	1,083,215		
Campus foundation private gifts			$1,310,945	$1,301,479
Other operating revenues, net	740,514	1,046,127	425	1,860
Total operating revenues	**34,163,323**	**33,489,835**	**1,311,370**	**1,303,339**
OPERATING EXPENSES				
Salaries and wages	18,484,966	18,426,861		
Pension benefits	2,041,008	5,355,166		
Retiree health benefits	1,891,655	1,692,273		
Other employee benefits	3,975,358	3,592,961		
Supplies and materials	4,790,360	4,218,056		
Depreciation and amortization	2,320,064	2,184,431		
Department of Energy laboratories	1,042,258	1,075,559		
Scholarships and fellowships	1,119,720	1,039,128		
Utilities	319,104	318,494		
Campus foundation grants			1,350,578	1,292,075
Other operating expenses	5,239,287	5,502,477	39,629	37,874
Total operating expenses	**41,223,780**	**43,405,406**	**1,390,207**	**1,329,949**
Operating loss	**(7,060,457)**	**(9,915,571)**	**(78,837)**	**(26,610)**
NONOPERATING REVENUES (EXPENSES)				
State educational appropriations	3,260,441	3,686,105		
State hospital fee grants	37,797	22,838		
Direct government grants	880,119	683,593		
Build America Bonds federal interest subsidies	53,584	54,413		
Federal Pell Grants	607,356	443,282		
Private gifts, net	1,571,402	1,516,475		
Investment income:				
Short Term Investment Pool and other, net	305,292	310,997		
Endowment, net	196,731	67,564		
Securities lending, net	823	6,749	28	720
Campus foundations			67,501	50,521
Net appreciation in fair value of investments	5,842,705	406,198	3,156,598	179,718
Interest expense	(990,646)	(921,796)		
Loss on disposal of capital assets	(21,270)	(49,051)		
Other nonoperating revenues (expenses)	104,759	(40,860)	72	250
Net nonoperating revenues	**11,849,093**	**6,186,507**	**3,224,199**	**231,209**
Income (loss) before other changes in net position	**4,788,636**	**(3,729,064)**	**3,145,362**	**204,599**
OTHER CHANGES IN NET POSITION				
Capital gifts and grants, net	228,422	251,616		
State capital appropriations	248	(654)		
Permanent endowments	29,294	32,508	525,618	442,825
Increase (decrease) in net position	**5,046,600**	**(3,445,594)**	**3,670,980**	**647,424**
NET POSITION				
Beginning of year	(116,505)	3,329,089	11,089,311	10,441,887
End of year	**$4,930,095**	**($116,505)**	**$14,760,291**	**$11,089,311**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA
STATEMENTS OF CASH FLOWS

	UNIVERSITY OF CALIFORNIA		CAMPUS FOUNDATIONS	
Years ended June 30, 2021 and 2020 (in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES				
Student tuition and fees	$5,151,778	$5,270,855		
Grants and contracts	6,343,745	6,476,724		
Medical centers	15,317,974	15,171,805		
Educational activities	4,639,453	4,238,236		
Auxiliary enterprises	628,690	1,364,911		
Collection of loans from students and employees	74,171	80,918		
Campus foundation private gifts			$1,022,252	$1,119,021
Payments to employees	(18,376,888)	(17,970,142)		
Payments to suppliers and utilities	(10,073,078)	(9,705,064)		
Payments for pension benefits	(3,300,304)	(2,706,842)		
Payments for retiree health benefits	(367,393)	(389,358)		
Payments for other employee benefits	(3,270,773)	(3,538,064)		
Payments for scholarships and fellowships	(1,119,720)	(1,039,270)		
Loans issued to students and employees	(72,319)	(52,543)		
Payments to campuses and beneficiaries			(1,431,635)	(1,306,297)
Other receipts	1,051,136	588,855	53,601	39,033
Net cash used by operating activities	**(3,373,528)**	**(2,208,979)**	**(355,782)**	**(148,243)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State educational appropriations	3,259,181	3,698,936		
Federal Pell Grants	604,200	438,587		
Direct government grants	880,119	643,679		
State hospital fee grants	37,797	22,838		
Gifts received for other than capital purposes:				
Private gifts for endowment purposes	29,294	36,618	436,514	332,194
Other private gifts	1,498,736	1,443,400		
Receipt of retiree health contributions from UCRP	75,263	82,122		
Payment of retiree health contributions to UCRHBT	(76,656)	(75,263)		
Receipts from UCRHBT	417,946	397,551		
Payments for retiree health benefits made on behalf of UCRHBT	(404,939)	(378,902)		
Student direct lending receipts	475,975	552,575		
Student direct lending payments	(478,098)	(552,409)		
Proceeds from debt issuance	1,975,000			
Repayment of debt		(286,515)		
Commercial paper financing:				
Proceeds from issuance	20,342	25,987		
Payments of principal	(10,454)	(14,411)		
Interest paid	(49,394)	(35,693)		
Other receipts (payments)	69,471	5,061	(16,101)	12,770
Net cash provided by noncapital financing activities	**8,323,783**	**6,004,161**	**420,413**	**344,964**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Commercial paper financing:				
Proceeds from issuance	683,038	854,028		
Payments of principal	(1,649,926)	(113,087)		
Interest paid	(2,194)	(8,920)		
State capital appropriations		(2,298)		
Build America Bonds federal interest subsidies	58,848	51,615		
Capital gifts and grants	151,644	139,795		
Proceeds from debt issuance	3,563,608	2,117,539		
Proceeds from the sale of capital assets	6,851	31,230		
Purchase of capital assets	(3,413,213)	(3,896,294)		
Refinancing or prepayment of outstanding debt	(439,162)	(149,073)		
Scheduled principal paid on debt and capital leases	(780,891)	(485,776)		
Interest paid on debt and capital leases	(1,023,713)	(933,246)		
Net cash used by capital and related financing activities	**(2,845,110)**	**(2,394,487)**		

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA

STATEMENTS OF CASH FLOWS *continued*

	UNIVERSITY OF CALIFORNIA		CAMPUS FOUNDATIONS	
Years ended June 30, 2021 and 2020 (in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	$163,447,964	$235,251,055	$2,398,743	$1,983,478
Purchase of investments	(165,729,965)	(236,850,247)	(2,548,181)	(2,329,658)
Investment income, net of investment expenses	499,177	411,118	63,629	48,714
Net cash used by investing activities	**(1,782,824)**	**(1,188,074)**	**(85,809)**	**(297,466)**
Net increase (decrease) in cash and cash equivalents	**322,321**	**212,621**	**(21,178)**	**(100,745)**
Cash and cash equivalents, beginning of year	355,748	143,127	357,849	458,594
Cash and cash equivalents, end of year	**$678,069**	**$355,748**	**$336,671**	**$357,849**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating loss	($7,060,457)	($9,915,571)	($78,837)	($26,610)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation and amortization expense	2,320,064	2,184,431		
Noncash gifts			(206,016)	(217,337)
Allowance for uncollectible accounts	276,712	262,748	9,444	5,251
Loss on impairment of capital assets	11,504	12,483		
Change in assets and liabilities:				
Investments held by trustees	(16,915)	(11,739)	(656)	(5,467)
Accounts receivable	(917,740)	(566,012)	(88)	(546)
Pledges receivable			(96,836)	39,230
Inventories	(8,411)	(73,520)		
Other assets	(386,586)	(75,856)	(25,518)	30,547
Accounts payable	(111,817)	16,716	(1,743)	10,301
Accrued salaries	(361,669)	269,983		
Employee benefits	952,892	175,531		
Unearned revenue	123,981	161,815	49,568	30,774
Department of Energy	442,870	(117,631)		
Self-insurance	654,025	94,475		
Obligations under life income agreements			(6,010)	(4,812)
Net pension liability	(1,273,915)	3,060,600		
Net retiree health benefits liability	1,430,560	1,273,462		
Other liabilities	551,374	1,039,106	910	(9,574)
Net cash used by operating activities	**($3,373,528)**	**($2,208,979)**	**($355,782)**	**($148,243)**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION				
Capital assets acquired through capital leases	$7,229	$47,978		
Capital assets acquired with a liability at year end	143,990	218,707		
Change in fair value of interest rate swaps classified as hedging derivatives	105,762	(129,783)		
Gifts of capital assets	76,779	111,776		$9,500
Other noncash gifts	21,034	52,564	$212,100	309,638
Proceeds from issuance of blended component unit revenue bonds deposited with trustees	314,676	175,065		
Beneficial interests in irrevocable split interest agreements administered by third parties	14,673	6,851	22,944	3,594
Noncash gifts for University-administered irrevocable split-interest agreements			6,467	4,250
Other borrowings from conversion of interest rate swap to hedging derivative		6,468		

See accompanying Notes to Financial Statements.

STATEMENTS OF FIDUCIARY NET POSITION

	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)		UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT TRUST (UCRHBT)		TOTAL UCRS AND UCRHBT — PENSION AND RETIREE HEALTH BENEFITS TRUST FUNDS	
At June 30, 2021 and 2020 (in thousands of dollars)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
ASSETS						
Investments	$124,576,493	$97,278,282	$148,451	$141,872	$124,724,944	$97,420,154
Participants' interests in mutual funds	2,406,949	1,828,837			2,406,949	1,828,837
Investment of cash collateral	9,369,192	7,588,680			9,369,192	7,588,680
Participant 403(b) loans	188,974	194,829			188,974	194,829
Accounts receivable:						
Contributions from University and affiliates	176,848	175,645	37,894	34,989	214,742	210,634
Investment income	87,559	60,831			87,559	60,831
Security sales and other	383,141	2,396,198	9	48	383,150	2,396,246
Prepaid insurance premiums			2,642	2,115	2,642	2,115
Total assets	**137,189,156**	**109,523,302**	**188,996**	**179,024**	**137,378,152**	**109,702,326**
LIABILITIES						
Payable to University			17,375	22,206	17,375	22,206
Payable for securities purchased	551,640	2,986,676			551,640	2,986,676
Member withdrawals, refunds and other payables	694,424	702,930			694,424	702,930
Collateral held for securities lending	9,369,192	7,588,760			9,369,192	7,588,760
Total liabilities	**10,615,256**	**11,278,366**	**17,375**	**22,206**	**10,632,631**	**11,300,572**
NET POSITION HELD IN TRUST						
Members' defined benefit plan benefits	91,826,002	70,977,922			91,826,002	70,977,922
Participants' defined contribution plan benefits	34,747,898	27,267,014			34,747,898	27,267,014
Retiree health benefits			171,621	156,818	171,621	156,818
Total net position held in trust	**$126,573,900**	**$98,244,936**	**$171,621**	**$156,818**	**$126,745,521**	**$98,401,754**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA

STATEMENTS OF FIDUCIARY NET POSITION *continued*

At June 30, 2021 and 2020 (in thousands of dollars)	CUSTODIAL EXTERNAL INVESTMENT POOL FUNDS 2021	2020
ASSETS		
Investments	$521,389	$424,636
Total assets	**521,389**	**424,636**
NET POSITION		
Custodial external investment pool funds	521,389	424,636
Total net position	**$521,389**	**$424,636**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years ended June 30, 2021 and 2020 (in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM (UCRS)		UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT TRUST (UCRHBT)		TOTAL UCRS AND UCRHBT — PENSION AND RETIREE HEALTH BENEFITS TRUST FUNDS	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
ADDITIONS						
Contributions:						
Members and employees	$2,808,088	$2,577,692			$2,808,088	$2,577,692
University	2,807,763	2,529,426	$350,774	$340,726	3,158,537	2,870,152
Total contributions	**5,615,851**	**5,107,118**	**350,774**	**340,726**	**5,966,625**	**5,447,844**
Investment income (expense), net:						
Net appreciation in fair value of investments	25,738,318	978,372			25,738,318	978,372
Interest, dividends and other investment income	2,985,731	1,547,478	208	2,281	2,985,939	1,549,759
Securities lending income	48,452	133,203			48,452	133,203
Securities lending fees and rebates	(10,918)	(91,549)			(10,918)	(91,549)
Net investment earnings	**28,761,583**	**2,567,504**	**208**	**2,281**	**28,761,791**	**2,569,785**
Interest income from contributions receivable		414				414
Total additions	**34,377,434**	**7,675,036**	**350,982**	**343,007**	**34,728,416**	**8,018,043**
DEDUCTIONS						
Benefit payments:						
Retirement payments	2,997,875	2,833,231			2,997,875	2,833,231
Member withdrawals	159,048	148,579			159,048	148,579
Cost-of-living adjustments	642,027	602,156			642,027	602,156
Lump sum cashouts	409,429	271,506			409,429	271,506
Preretirement survivor payments	56,132	55,247			56,132	55,247
Disability payments	30,583	30,181			30,583	30,181
Death payments	8,566	8,240			8,566	8,240
Participant withdrawals	1,675,914	1,531,954			1,675,914	1,531,954
Total benefit payments	**5,979,574**	**5,481,094**			**5,979,574**	**5,481,094**
Insurance premiums:						
Insured plans			128,743	118,056	128,743	118,056
Self-insured plans			174,070	201,790	174,070	201,790
Medicare Part B reimbursements			28,997	18,721	28,997	18,721
Total insurance premiums, net			**331,810**	**338,567**	**331,810**	**338,567**
Other deductions:						
Plan administration and other expenses	68,896	71,804	4,369	4,531	73,265	76,335
Total other deductions	**68,896**	**71,804**	**4,369**	**4,531**	**73,265**	**76,335**
Total deductions	**6,048,470**	**5,552,898**	**336,179**	**343,098**	**6,384,649**	**5,895,996**
Change in net position held in trust	**28,328,964**	**2,122,138**	**14,803**	**(91)**	**28,343,767**	**2,122,047**
NET POSITION HELD IN TRUST						
Beginning of year	98,244,936	96,122,798	156,818	156,909	98,401,754	96,279,707
End of year	**$126,573,900**	**$98,244,936**	**$171,621**	**$156,818**	**$126,745,521**	**$98,401,754**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION *continued*

Years ended June 30, 2021 and 2020 (in thousands of dollars)	**CUSTODIAL EXTERNAL INVESTMENT POOL FUNDS 2021**	**CUSTODIAL EXTERNAL INVESTMENT POOL FUNDS 2020**
ADDITIONS		
Contributions	$181,947	$90,079
Net appreciation of fair value of investments	6,928	4,962
Interest, dividends and other investment income	3,643	5,227
Total additions	**192,518**	**100,268**
DEDUCTIONS		
Withdrawals	95,765	77,936
Total deductions	**95,765**	**77,936**
Change in net position	**96,753**	**22,332**
NET POSITION		
Beginning of year	424,636	402,304
End of year	**$521,389**	**$424,636**

See accompanying Notes to Financial Statements.

UNIVERSITY OF CALIFORNIA

Notes to Financial Statements

Years ended June 30, 2021 and 2020

ORGANIZATION

The University of California (the University) was founded in 1868 as a public, state-supported institution. The California State Constitution provides that the University shall be a public trust administered by the corporation, "The Regents of the University of California," which is vested with full powers of organization and government, subject only to such legislative control necessary to ensure the security of its funds and compliance with certain statutory and administrative requirements. The majority of the 26-member independent governing board (The Regents) is appointed by the governor and approved by the state Senate. Various University programs and capital outlay projects are funded through appropriations from the state's annual Budget Act. The University's financial statements are discretely presented in the state's basic financial statements as a component unit.

FINANCIAL REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The University's financial statements include the accounts of 10 campuses, five medical centers, a statewide agricultural extension program and the operations of most student government or associated student organizations as part of the primary financial reporting entity because The Regents has certain oversight responsibilities for these organizations. Organizations that are not significant or for which the University is not financially accountable, such as booster and alumni organizations, are not included in the reporting entity.

Fiat Lux Risk and Insurance Company (Fiat Lux), the University's wholly owned captive insurance company, is a blended component unit of the University. The Regents is the sole corporate and voting member of Children's Hospital & Research Center Oakland (CHRCO), a private, not-for-profit Internal Revenue Code section 501(c)(3) corporation. Children's Hospital & Research Center Foundation, a not-for-profit public benefit corporation, is organized and operated for the purpose of supporting CHRCO. CHRCO, combined with its foundation, is a blended component unit of the University. In addition, the financial position and operating results of certain other legally separate organizations are included in the University's financial reporting entity on a blended basis if The Regents is determined to be financially accountable for the organization. These include legally separate organizations that provide research and housing services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, to benefit the University.

The University has 11 legally separate, tax-exempt, affiliated campus foundations, one for each campus and the Lawrence Berkeley National Laboratory (LBNL). The economic resources received or held by the foundations are entirely for the benefit of the campuses. Because of the nature and significance of their relationship with the University, including their ongoing financial support, the campus foundations are reported under the Governmental Accounting Standards Board (GASB) requirements as discretely presented component units of the University.

Specific assets and liabilities and all revenues and expenses associated with the LBNL, a major United States Department of Energy (DOE) national laboratory operated and managed by the University under contract directly with the DOE, are included in the accompanying financial statements.

The Regents has fiduciary responsibility for the University of California Retirement System (UCRS) which includes two defined benefit plans, the University of California Retirement Plan (UCRP) and the University of California Voluntary Early Retirement Incentive Plan (UC–VERIP), and four defined contribution plans in the University of California Retirement Savings Program (UCRSP), consisting of the Defined Contribution Plan (DC Plan), the Supplemental Defined Contribution Plan (SDC Plan), the Tax-Deferred 403(b) Plan (403(b) Plan) and the 457(b) Deferred Compensation Plan (457(b) Plan). As a result, the UCRS statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary activity in the University's financial statements.

The Regents also has fiduciary responsibility for the University of California Retiree Health Benefit Trust (UCRHBT). As a result, UCRHBT's statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary fund in the University's financial statements. UCRHBT allows certain University locations and affiliates, primarily campuses and medical centers that share the risks, rewards and costs of providing for retiree health benefits, the opportunity to fund such benefits on a cost-sharing basis and to accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. The Regents serves as Trustee of UCRHBT and has the authority to amend or terminate the trust.

Significant Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the economic resources measurement focus and the accrual basis of accounting. The University follows accounting principles issued by the GASB.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The University implemented the statement as of July 1, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or an equivalent arrangement that meets specific criteria.

The adoption of Statement No. 84 did not result in any adjustments to the financial statements of UCRS or UCRHBT.

The adoption of Statement No. 84 did not result in any adjustments to the University's and campus foundations' net position, revenues, expenses, changes in net position and cash flows. The effects on assets and liabilities of adopting Statement No. 84 in the University's and campus foundations' financial statements for the year ended June 30, 2020, were as follows:

	UNIVERSITY OF CALIFORNIA		
(in thousands of dollars)	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF STATEMENT NO. 84	AS RESTATED
Statement of Net Position			
Investments	$22,271,205	($424,636)	$21,846,569
Noncurrent assets	61,562,677	(424,636)	61,138,041
Total assets	77,606,961	(424,636)	77,182,325
Funds held for others	456,815	(456,815)	
Other current liabilities	3,039,515	32,179	3,071,694
Current liabilities	14,051,367	(424,636)	13,626,731
Total liabilities	85,094,225	(424,636)	84,669,589
Net position	(116,505)		(116,505)

(in thousands of dollars)	CAMPUS FOUNDATIONS		
	AS PREVIOUSLY REPORTED	EFFECT OF ADOPTION OF STATEMENT NO. 84	AS RESTATED
Statement of Net Position			
Short-term investments	$823,718	($44,037)	$779,681
Current assets	1,530,653	(44,037)	1,486,616
Investments	9,933,876	(489,244)	9,444,632
Noncurrent assets	10,691,723	(489,244)	10,202,479
Total assets	12,222,376	(533,281)	11,689,095
Accounts payable	28,624	(1,201)	27,423
Funds held for others	295,012	(295,012)	
Other current liabilities	84,179	25,645	109,824
Current liabilities	485,175	(270,568)	214,607
Other noncurrent liabilities	289,252	(262,713)	26,539
Noncurrent liabilities	435,371	(262,713)	172,658
Total liabilities	920,546	(533,281)	387,265
Net position	11,089,311		11,089,311

The significant accounting policies of the University are as follows:

Cash and cash equivalents. The University and campus foundations consider all balances in demand deposit accounts to be cash. The University classifies all other highly liquid cash equivalents with original maturities less than one year as short-term investments. Certain campus foundations classify their deposits in the University's Short Term Investment Pool as a cash equivalent.

Investments. Investments are measured and reported at fair value. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Investment in nonexchange traded debt and equity investments are valued using inputs provided by independent pricing services or by brokers/dealers who actively trade in these markets. Certain securities may be valued on a basis of a price provided by a single source.

Investments also include private equities, absolute return funds, real estate, real asset and certain corporate asset-backed securities. Private equities include venture capital partnerships, buyouts, real assets and international funds. Fair values for interests in private equity, absolute return partnerships and real estate partnerships are based on valuations provided by the general partners of the respective partnerships. The valuations are primarily based on the most recent net asset value (NAV) of the underlying investments. The NAV is reported by the external investment managers, including general partners, in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV is adjusted for capital calls, distributions and significant known valuation changes, if any, of its related portfolio through June 30, 2021 and 2020.

Interests in certain direct investments in real estate are estimated based upon independent appraisals. Because the private equity, real estate, real assets and absolute return partnerships, along with direct investments in real estate, are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would be used had a ready market for such investments existed. These investments are generally less liquid than other investments, and the value reported may differ from the values that would have been reported had a ready market for these investments existed.

For other investments, the University considers various factors to estimate fair value, such as the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections as well as discounted cash flow analysis. The selection of an appropriate technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value, while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, the University may review the investment's underlying portfolio as well as engage external appraisers, depending on the nature of the investment.

The University exercises due diligence in assessing the external managers' use of and adherence to fair value principles. In conjunction with these procedures, estimated fair value is determined by consideration of a wide range of factors, including market conditions, redemption terms and restrictions and risks inherent to the inputs of the external investment managers' valuation. In situations where the information provided by the external manager is deemed to not be representative of the fair value as of the measurement date, management evaluates specific features of the investment and utilizes supplemental fair value information provided by the external manager along with any relevant market data to measure the investment's fair value.

Investments in registered investment companies are valued based upon the reported NAV of those companies. Mortgage loans, held as investments, are valued on the basis of their future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the University's statement of revenues, expenses and changes in net position.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded based on fair value at the date of donation.

Campus foundations may invest all or a portion of their investments in University-managed investment pools. Certain securities in these investment pools are included in the University's security lending program. Accordingly, the campus foundations' investments in University-managed investment pools and their allocated share of the securities lending activities have been excluded from the University's financial statements and included in the Campus Foundations' column.

Derivative financial instruments. Derivative instruments are recorded at fair value. Futures contracts, foreign currency exchange contracts, stock rights and warrants, options and swaptions are valued at the settlement price on the last day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Financial institutions or independent advisors have estimated the fair value of the interest rate swaps and total return swaps using quoted market prices when available or discounted expected future net cash flows.

The University has entered into interest rate swap agreements to limit the exposure of its variable-rate debt to changes in market interest rates. Interest rate swap agreements involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The net differential to be paid or received is recognized over the life of the agreements as an adjustment to interest expense. The University's counterparties are major financial institutions.

Derivatives are recorded at estimated fair value as either assets or liabilities in the statement of net position. Certain derivatives are determined to be hedging derivatives and designated as either a fair value or cash flow hedge. Under hedge accounting, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in the fair value of derivatives that are not hedging derivatives are recorded as net appreciation or depreciation of investments in the statement of revenues, expenses and changes in net position.

Participants' interests in mutual funds. Participants in the University's defined contribution retirement plans may invest their account balances in funds managed by the University's Chief Investment Officer or in certain mutual funds.

Accounts receivable, net. Accounts receivable, net of allowance for uncollectible amounts, include reimbursements due from state and federal sponsors of externally funded research, patient billings, accrued income on investments and other receivables. Other receivables include local government and private grants and contracts, educational activities and amounts due from students, employees and faculty.

Pledges receivable, net. Unconditional pledges of private gifts to the University or campus foundations, net of allowance for uncollectible amounts, are recorded as pledges receivable and revenue in the year promised at the net present value of expected cash flows. Conditional pledges, including all pledges of endowments and intentions to pledge, are recognized as receivables and revenues when the specified conditions are met.

Beneficial interests in irrevocable split-interest agreements. The beneficial interests in irrevocable split-interest agreements represent the University's and the campus foundations' right to the portion of the benefits from the irrevocable split-interest agreements that are administered by third parties and are recognized as assets and deferred inflows of resources. These are measured at fair value and are reported as other noncurrent assets in the statement of net position. Changes in the fair value of the beneficial interest assets are recognized as an increase or decrease in the related deferred inflows of resources. At the termination of the agreement, net assets received from the beneficial interests are recognized as revenues.

Notes and mortgages receivable, net. Loans to students, net of allowance for uncollectible amounts, are provided from federal student loan programs and from other University sources. Home mortgage loans, primarily to faculty, are provided from the University's Short Term Investment Pool and from other University sources. Mortgage loans provided by the Short Term Investment Pool are classified as investments, and loans provided by other sources are classified as mortgages receivable in the statements of net position.

Inventories. Inventories for the campuses, consisting primarily of supplies and merchandise for resale, are valued at cost, typically determined under the weighted average method, which is not in excess of estimated net realizable value. Inventories for the medical centers consist primarily of pharmaceuticals and medical supplies which are stated on a first-in, first-out basis at the lower of cost or market.

DOE national laboratories. The University operates and manages LBNL under a contract directly with the DOE. Specific assets and liabilities and all revenues and expenses associated with LBNL are included in the financial statements. Other assets, such as cash, property and equipment and other liabilities of LBNL are owned by the United States government rather than the University and, therefore, are not included in the statement of net position. The statement of cash flows excludes the cash flows associated with LBNL other than reimbursements, primarily related to pension and retiree health benefits, since all other cash transactions are recorded in bank accounts owned by the DOE.

The University is a member in three separate joint ventures that operate and manage two other DOE laboratories under contracts directly with the DOE. Lawrence Livermore National Security, LLC (LLNS) operates and manages Lawrence Livermore National Laboratory (LLNL). Triad National Security, LLC (Triad) commenced operating and managing Los Alamos National Laboratory (LANL) effective November 1, 2018. Prior to November 1, 2018, LANL was managed by Los Alamos National Security, LLC (LANS). The University's investments in Triad, LLNS and LANS are accounted for using the equity method. Accordingly, the University's statement of net position includes its equity interest in Triad, LANS and LLNS, adjusted for the equity in undistributed earnings or losses and the statement of revenues, expenses and changes in net position includes its equity in the current earnings or losses of Triad and LLNS.

The DOE is financially responsible for substantially all of the current and future costs incurred at any of the national laboratories, including pension and retiree health benefit costs. Accordingly, to the extent there is a liability on the University's statement of net position for pension or retiree health obligations related to these laboratories, the University records a receivable from the DOE.

Capital assets, net. Land, infrastructure, buildings and improvements, intangible assets, equipment, libraries, collections and special collections are recorded at cost at the date of acquisition, or estimated acquisition value at the date of donation in the case of gifts. Estimates of acquisition value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual value. Intangible assets include easements, land rights, trademarks, patents and other similar arrangements. Capital leases are recorded at the estimated present value of future minimum lease payments. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized if the cost exceeds $35,000 and if they have a useful life of more than one year. Minor renovations are charged to operations. Equipment with a cost in excess of $5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development and installation of major software projects are included in the cost of the capital assets. All costs of land, library collections and special collections are capitalized.

Depreciation is calculated using the straight-line method over the estimated economic life of the asset. Equipment under capital leases is amortized over the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the applicable lease or the economic life of the asset.

Estimated economic lives are generally as follows:

	YEARS
Infrastructure	25
Buildings and improvements	15-33
Equipment	2-20
Computer software	3-7
Intangible assets	2-indefinite
Library books and collections	15

Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are also capitalized and depreciated.

Inexhaustible capital assets, such as land or special collections that are protected, preserved and held for public exhibition, education or research, including art, museum, scientific and rare book collections are not depreciated.

Service concession arrangements. The University has entered into service concession arrangements with third parties for parking, student housing and certain other faculty and student services. Under these arrangements, the University enters into ground leases with third parties at minimal or no cost, and gives the third party the right to construct, operate and maintain a facility, primarily for the benefit of students and faculty at competitive rates. Rate increases for use of the facilities are subject to certain constraints and ownership of the facilities reverts to the University upon expiration of the ground lease. The facilities are reported as capital assets by the University when placed in service, and a corresponding deferred inflow of resources is reported. The University has not provided guarantees on financing obtained by the third parties under these arrangements.

Unearned revenue. Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees for housing and dining services.

Federal refundable loans. Certain loans to students are administered by the University with funding primarily supported by the federal government. The University's statement of net position includes both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

Bond premium. The bond premium received in the issuance of long-term debt is amortized as a reduction to interest expense over the term of the related long-term debt.

Self-insurance programs. The University is self-insured or insured through Fiat Lux for medical malpractice, workers' compensation, employee health care and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by an independent insurer. Liabilities are recorded when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments. Settlements did not exceed self-insured or supplementally insured coverage for any program in the past three fiscal years.

Obligations under life income agreements. Obligations under life income agreements represent trusts with living income beneficiaries where the University has a residual interest. The investments associated with these agreements are recorded at fair value. The discounted present value of the income beneficiary interest is reported as a liability in the statement of net position. Gifts subject to such agreements administered by the University are recorded as deferred inflows of resources, net of the income beneficiary share, at the date of the gift. The residual interest is reported in deferred inflows of resources in the statement of net position. At the termination of the agreement, the University's residual interest is recorded as gift revenue in the statement of revenues, expenses and changes in net position.

Pollution remediation obligations. Upon an obligating event, the University estimates the components of any expected pollution remediation costs and recoveries from third parties. The costs, estimated using the expected cash flow technique, are accrued as a liability. Pollution remediation liabilities generally involve groundwater, soil and sediment contamination at certain sites where state and other regulatory agencies have indicated that the University is among the responsible parties. The liabilities are reviewed annually and may increase or decrease the cost of recovery from third parties, if any, as a result of additional information that refines the estimates, or from payments made from revenue sources that support the activity. There were no expected recoveries at June 30, 2021 and 2020 reducing the pollution remediation liability.

Asset retirement obligations. Upon an obligating event, the University records the costs of any expected tangible capital asset retirement obligations using the best estimate of the current value of outlays expected to be incurred. The liabilities are reviewed annually and may change as a result of additional information that refines the estimates. Actual asset retirement obligation costs may vary from these estimates as a result of changes in assumptions such as asset retirement dates, regulatory requirements, technology and costs of labor, materials and equipment. The estimated remaining useful lives of these assets range from 2 to 27 years.

Deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that apply to a future period, respectively. The University classifies gains on refunding of debt, increases in the fair value of the hedging derivatives, payments received or to be received from service concession arrangements and changes in irrevocable split-interest agreements as deferred inflows of resources. The University classifies losses on refunding of debt, decreases in the fair value of hedging derivatives and certain asset retirement obligations as deferred outflows of resources. Gains or losses on refunding of debt are amortized as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter. Asset retirement obligations are recognized over the remaining useful life of the related asset. Revenues from split interest agreements are recognized when the resources become available to spend.

Changes in the net pension and net retiree health liabilities not included in expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and retiree health liabilities are reported as deferred outflows of resources.

Net position. Net position is required to be classified for accounting and reporting purposes into the following categories:

Net investment in capital assets. This category includes all of the University's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted. The University and campus foundations classify the net position resulting from transactions with purpose or time restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.

Nonexpendable. The net position subject to externally imposed restrictions, which must be retained in perpetuity by the University or campus foundations, is classified as nonexpendable net position. This includes the University and campus foundation permanent endowment funds.

Also included in nonexpendable net position are minority interests, which include the net position of legally separate organizations attributable to other participants.

Expendable. The net position whose use by the University or campus foundations is subject to externally imposed restrictions that can be fulfilled by actions of the University or campus foundations pursuant to those restrictions or that expire by the passage of time is classified as expendable net position.

Unrestricted. The net position that is not subject to externally imposed restrictions governing its use is classified as unrestricted net position. The University's unrestricted net position may be designated for specific purposes by management or The Regents. The campus foundations' unrestricted net position may be designated for specific purposes by their Boards of Trustees. Substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs or for other purposes.

Restricted or unrestricted resources are spent based upon a variety of factors, including funding restrictions, consideration of prior and future revenue sources, the type of expense incurred, the University's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to liabilities for pension and retiree health benefits exceeding University assets available to pay such obligations.

Revenues and expenses. Operating revenues of the University include receipts from student tuition and fees, grants and contracts for specific operating activities and sales and services from medical centers, educational activities and auxiliary enterprises. Operating expenses incurred in conducting the programs and services of the University are presented in the statement of revenues, expenses and changes in net position as operating activities. The University's equity in current earnings or losses of Triad and LLNS is also an operating transaction.

Certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are mandated by the GASB to be recorded as nonoperating revenues, including state educational appropriations, certain federal grants for student financial aid, private gifts and investment income, since the GASB does not consider them to be related to the principal operating activities of the University.

Campus foundations are established to financially support the University. Private gifts to campus foundations are recognized as operating revenues since, in contrast to the University, such contributions are fundamental to the core mission of the campus foundations. Foundation grants to the University are recognized as operating expenses by the foundations. Private gift or capital gift revenues associated with campus foundation grants to the University are recorded by the University as gifts when the foundations transfer the gifts to the University.

Nonoperating revenues and expenses include state educational appropriations, state financing appropriations, state hospital fee grants, direct government grants from the American Rescue Plan Act (ARPA), Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Build America Bond federal interest subsidies, Federal Pell Grants, private gifts for other than capital purposes, investment income, net appreciation (or depreciation) in the fair value of investments, interest expense and the gain (loss) on the disposal of capital assets.

The University received grants under certain provisions of the ARPA and CARES Act, reported as nonoperating revenues, to minimize the impacts of lost revenues and increased expenses related to COVID-19. The campuses received grants under the Higher Education Emergency Relief Fund to provide emergency financial aid to students and to mitigate the impacts of lost revenue and additional technology expenses associated with moving to online education. The medical centers and the faculty practices received grants under the CARES Act Provider Relief Fund for lost revenues and health care related expenses related to operational changes to prepare for treating patients with COVID-19.

State capital appropriations, capital gifts and grants and gifts for permanent endowment purposes are classified as other changes in net position.

Student tuition and fees. Substantially all student tuition and fees provide for the current operations of the University. A small portion of the student fees, reported as capital gifts and grants, is required for debt service associated with student union and recreational centers.

The University recognizes scholarship allowances as the difference between the stated charge for tuition and fees, housing and dining charges, recreational center and other fees, and the amount that is paid by the student and third parties on behalf of the student. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

Scholarship allowances are netted against student tuition and fees in the statement of revenues, expenses and changes in net position for the years ended June 30 as follows:

(in thousands of dollars)	**2021**	**2020**
Student tuition and fees	$1,376,836	$1,281,997
Auxiliary enterprises	69,168	190,969
Other operating revenues	17,947	19,965
Scholarship allowances	**$1,463,951**	**$1,492,931**

State appropriations. The state of California provides appropriations to the University on an annual basis. State educational appropriations are recognized as nonoperating revenue; however, the related expenses for educational, retirement or other specific operating purposes are reported as operating expenses. State appropriations for capital projects are recorded as revenue under other changes in net position when the related expenditures are incurred. Special state appropriations for AIDS, tobacco and breast cancer research are reported as grant operating revenue.

Grant and contract revenue. The University receives grant and contract revenue from governmental and private sources. The University recognizes revenue associated with the direct costs of sponsored programs as the related expenditures are incurred. Recovery of facilities and administrative costs of federally sponsored programs is at cost reimbursement rates negotiated with the University's federal cognizant agency, the U.S. Department of Health and Human Services. For the year ended June 30, 2021, the facilities and administrative cost recovery totaled $1.3 billion, which consisted of $912.6 million from federally sponsored programs and $391.9 million from other sponsors. For the year ended June 30, 2020, the facilities and administrative cost recovery totaled $1.2 billion, which consisted of $862.0 million from federally sponsored programs and $375.0 million from other sponsors.

Medical center revenue. Medical center revenue is reported at the estimated net realizable amounts from patients and third-party payors, including Medicare, Medi-Cal and others, for services rendered, as well as estimated retroactive adjustments under reimbursement agreements with third-party payors. Laws and regulations governing Medicare and Medi-Cal are complex and subject to interpretation. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that estimated amounts accrued could change significantly based upon settlements, or as additional information becomes available.

Net pension liability. The University records net pension liability equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plans' fiduciary net positions. The fiduciary net position and changes in net position of the defined benefit plans have been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Both current employees and retirees at LBNL participate in UCRP. The University makes contributions to UCRP for LBNL employees based upon rates authorized by The Regents and is reimbursed by the DOE. The University also makes contributions to UCRP for LANL and LLNL retirees and terminated vested members, whose benefits were retained in UCRP at the time the joint ventures were formed. The University records a receivable for the net pension liability that is expected to be collected from the DOE. The University deposits funds in UCRP when the DOE makes payments for these contributions. The contributions from the DOE and deposits into UCRP on behalf of the DOE are included as DOE laboratory revenue in the statement of revenues, expenses and changes in net position.

Retiree health benefits and liability. The University's net retiree health benefits liability is measured as the total retiree health benefits liability, less the amount of the University of California Retiree Health Benefit Trust's (UCRHBT's) fiduciary net position. The fiduciary net position and changes in net position of UCRHBT have been measured consistent with the accounting policies used by the trust. The total retiree health benefits liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the health benefit trust's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Expense for retiree health benefits is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for retiree health benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

LBNL participates in the University's retiree health plans. The net retiree health benefits liability for LBNL is determined independently from the University's campuses and medical centers. Retiree health benefits expense for LBNL is included with the DOE laboratory expense in the statement of revenues, expenses and changes in net position. The contributions from the DOE are included as DOE laboratory revenue in the statement of revenues, expenses and changes in net position.

The University records a receivable from the DOE for the DOE's portion of the University's net retiree health benefits liability attributable to LBNL. The University does not have any retiree health benefits liability for LANL or LLNL retiree health benefit costs since LANL and LLNL current or former employees do not participate in the University's retiree health plans.

Campus and medical center contributions toward retiree health costs made to UCRHBT, the University's LBNL-related payments made directly to health care insurers and administrators and the corresponding reimbursements from the DOE, are shown as operating activities in the statement of cash flows. Cash flows resulting from retiree health contributions from retirees are shown as noncapital financing activities in the statement of cash flows.

University of California Retiree Health Benefit Trust. UCRHBT receives the University's contributions toward retiree health benefits from campuses, medical centers and University affiliates. The University receives retiree health contributions from University affiliates and campus and medical center retirees that are deducted from their UCRP benefit payments and then remitted to UCRHBT.

The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees. UCRHBT reimburses the University for these amounts.

LBNL does not participate in UCRHBT; therefore, the DOE has no interest in its assets.

Compensated absences. The University accrues annual leave, including employer-related costs, for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked.

Endowment spending. Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of University programs.

Custodial external investment pool funds. Custodial funds represent assets held in the University's investment pools on behalf of associated organizations that are not part of the University's financial reporting entity. As a result, these funds are reported as fiduciary activities in the University's financial statements.

Tax exemption. The University is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), except for tax on unrelated business income under IRC Section 511. The University is also exempt from federal income tax under IRC Section 115(a) as a state institution. In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. UCRS plans are qualified under IRC Section 401(a) and the related trusts are tax-exempt under IRC Section 501(c)(3). The campus foundations are also qualified for tax exemption under IRC Section 501(c)(3). CHRCO and its component unit, the Children's Hospital and Research Center Foundation, are qualified for exemption under IRC Section 501(c)(3). Income received by UCRHBT is tax-exempt under IRC Section 115(a).

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates.

New accounting pronouncements. In June 2017, the GASB issued Statement No. 87, *Leases*, effective for the University's fiscal year beginning July 1, 2021. This Statement establishes a single approach to accounting for and reporting leases based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single-approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. The University is evaluating the effect Statement No. 87 will have on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for the University's fiscal year beginning July 1, 2022. The Statement defines a conduit debt obligation and clarifies the accounting and financial reporting for conduit debt obligations with additional or voluntary commitments by issuers. The University is evaluating the effect that Statement No. 91 will have on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, effective for the University's fiscal year beginning July 1, 2021. The Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The University is evaluating the effect that Statement No. 92 will have on its financial statements.

In March 2020, the GASB issued Statement No. 94, Public-Private and *Public-Public Partnerships and Availability Payment Arrangements*, effective for the University's fiscal year beginning July 1, 2022. The Statement provides guidance for financial reporting for public-private and public-public partnership arrangements and availability payment arrangements. The University is evaluating the effect that Statement No. 94 will have on its financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the University's fiscal year beginning July 1, 2023. The Statement requires for these arrangements to be recorded as a right-to-use intangible asset and a corresponding subscription liability. The University is evaluating the effect that Statement No. 96 will have on its financial statements.

1. CASH AND CASH EQUIVALENTS

The University maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into investment accounts on a daily basis.

Under University policy, deposits are only held at financial institutions that maintain an issuer rating on long-term debt of A3 or higher by Moody's, A- or higher by Standard & Poor's or an Asset Peer Group rating of 65 or higher as defined by Sheshunoff Bank Rating Reports. At June 30, 2021 and 2020, the carrying amount of the University's demand deposits, generally held in five nationally recognized banking institutions, was $678.1 million and $355.7 million, respectively, compared to bank balances of $441.7 million and $280.7 million, respectively. Deposits in transit and cash awaiting investment are the primary differences. The University's deposits are uninsured and uncollateralized except for bank balances insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable statutory limits.

The University does not have significant exposure to foreign currency risk in demand deposit accounts. Accounts held in foreign countries maintain minimum operating balances with the intent to reduce potential foreign exchange risk while providing an adequate level of liquidity to meet the obligations of the academic programs established abroad. The equivalent U.S. dollar balances required to support research groups and education abroad programs in foreign countries was $2.0 million at June 30, 2021 and $0.4 million at June 30, 2020.

The carrying amount of the campus foundations' cash and cash equivalents at June 30, 2021 and 2020 was $336.7 million and $357.8 million, respectively, compared to bank balances of $69.9 million and $132.5 million, respectively. Deposits in transit and cash awaiting investment are the primary differences. Included in cash and cash equivalents are deposits in the University's Short Term Investment Pool of $265.6 million at June 30, 2021 and $224.9 million at June 30, 2020, with the remaining uncollateralized bank balances insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable statutory limits. Uncollateralized bank balances include $14.8 million and $14.2 million in excess of the FDIC limits at June 30, 2021 and 2020, respectively. The campus foundations do not have exposure to foreign currency risk in their cash and cash equivalents. Included in the campus foundations' cash and cash equivalents is $18.9 million and $38.9 million, as of June 30, 2021 and 2020, respectively, held by the respective campuses in STIP.

2. INVESTMENTS

The Regents, as the governing Board, is responsible for the oversight of the University's, UCRS' and UCRHBT's investments and establishes an investment policy, which is carried out by the Chief Investment Officer. These investments are associated with the Short Term Investment Pool (STIP), Total Return Investment Pool (TRIP), Blue and Gold Pool (BGP), General Endowment Pool (GEP), UCRS, UCRHBT and other investment pools managed by the Chief Investment Officer, or are separately invested. Pursuant to The Regents' policies on campus foundations, the Board of Trustees for each campus foundation may determine that all or a portion of their investments will be managed by the Chief Investment Officer. Asset and Risk Allocation Policy guidelines are provided to the campus foundations by the Investments Committee of The Regents.

STIP allows participants to maximize the returns on their short-term cash balances by taking advantage of the economies of scale of investing in a large pool with a broad range of maturities and is managed to maximize current earned income. Cash to provide for payroll, construction expenditures and other operating expenses for campuses and medical centers is invested in STIP. The available cash in UCRS or endowment investment pools awaiting investment, or cash for administrative expenses, is also invested in STIP.

Investments authorized by The Regents for STIP include fixed-income securities with a maximum maturity of five and one-half years. In addition, for STIP, The Regents has also authorized loans, primarily to faculty members residing in California, under the University's Mortgage Origination Program with terms of up to 40 years.

TRIP allows participants the opportunity to maximize the return on their intermediate-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP is managed to a total return objective and is intended to supplement STIP. Investments authorized by The Regents for TRIP include a diversified portfolio of equity, fixed-income and alternative investments.

BGP is an investment pool established by The Regents and is available to the University and its related entities. The objective of BGP is to provide a low-cost, liquid, diversified investment vehicle to invest long-term excess reserves to earn a higher return than would otherwise be expected from STIP and TRIP. To achieve liquidity, transparency and minimal expense, a passive investment strategy in equities and bonds is used.

GEP is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio and the primary investment vehicle for endowed gift funds. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements.

Other investment pools primarily facilitate annuity and life income arrangements. Separate investments are those that cannot be pooled due to investment restrictions or income requirements.

Investments authorized by The Regents for BGP, GEP, UCRS, other investment pools and separate investments include equity securities, fixed-income securities and certain other asset classes. The equity portion of the investment portfolios include both domestic and foreign common and preferred stocks which may be included in actively or passively managed strategies, along with exposure to private equities. The University's investment portfolios may include foreign currency-denominated equity securities. The fixed-income portion of the investment portfolios may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Fixed-income investment guidelines permit the use of futures and options on fixed-income instruments in the ongoing management of the portfolios. Real estate investments are authorized for all pools except for STIP. Absolute return strategies, which may incorporate short sales, plus derivative positions to implement or hedge an investment position, are also authorized for all pools except for STIP.

Derivative instruments, including futures, forward contracts, options and swap contracts are authorized for portfolio rebalancing in accordance with The Regents' asset allocation policy and as substitutes for physical securities. Derivatives are not used for speculative purposes.

The Regents has also authorized certain employee account balances in defined contribution plans included as part of UCRS' investments to be invested in mutual funds. The participants' interests in mutual funds are not managed by the Chief Investment Officer and totaled $2.4 billion and $1.8 billion at June 30, 2021 and 2020, respectively.

Investments authorized by The Regents for the UCRHBT are restricted to a portfolio of high-quality money market instruments in a commingled fund that is managed externally. The average credit quality of the portfolio is A-1/P-1 with an average maturity of 45 days and 31 days at June 30, 2021 and 2020, respectively. The fair values of UCRHBT's investment in this portfolio were $148.5 million and $141.9 million at June 30, 2021 and 2020, respectively. These are measured at net asset value as of June 30, 2021 and 2020, respectively.

The composition of investments, by investment type at June 30 is as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Equity securities:						
Domestic	$8,326,080	$6,567,109	$237,917	$143,125	$39,074,998	$30,036,053
Foreign	4,459,454	2,012,627	10,375	28,232	21,595,491	15,129,752
Equity securities	**12,785,534**	**8,579,736**	**248,292**	**171,357**	**60,670,489**	**45,165,805**
Fixed- or variable-income securities:						
U.S. government-guaranteed:						
U.S. Treasury bills, notes and bonds	6,644,497	2,621,135	279,428	405,913	7,377,790	5,396,751
U.S. Treasury strips	561,820	111,658	271	299	483,855	1,605,836
U.S. TIPS					1,398,240	1,498,492
U.S. government-backed securities			15,601	4,706		
U.S. government-backed mortgage-backed securities			7,973	9,060	660,184	203,078
U.S. government-guaranteed	**7,206,317**	**2,732,793**	**303,273**	**419,978**	**9,920,069**	**8,704,157**
Other U.S. dollar-denominated:						
Corporate bonds	1,788,760	1,954,398	204,319	133,181	5,903,746	4,245,142
Commercial paper	4,501,922	926,842	13,845	680		63,625
U.S. agencies		300	998		3,805	575,819
U.S. agencies - asset-backed securities	3,529,540	4,342,320	112,286	18,265	6,095,139	5,110,536
Corporate - asset-backed securities		80,600	32,361	26,631	50,445	330,170
Supranational/foreign	755,934	1,009,210	11,112	1,405	4,217,152	2,801,600
Other	3,391		22,933	1,992	21,077	33,092
Other U.S. dollar-denominated	**10,579,547**	**8,313,670**	**397,854**	**182,154**	**16,291,364**	**13,159,984**
Foreign currency-denominated:						
Corporate						599
Government/sovereign			997	933		
Foreign currency-denominated			**997**	**993**		**599**
Commingled funds:						
Absolute return funds	2,454,638	3,152,870	3,577,253	2,819,938	4,695,036	4,492,152
Non-U.S. equity funds	2,745,222	1,866,199	1,126,672	880,677	8,042,236	6,186,670
Private equity	4,547,608	2,760,306	2,153,219	1,219,737	7,337,326	5,050,083
Private credit	350,807				741,901	
Money market funds	1,592,914	4,953,880	1,079,924	1,065,056	3,932,056	4,268,874
U.S. equity funds	2,858	2,829	1,843,588	1,339,334	2,974,267	1,893,101
Real estate investment trusts	179,056	127,751	203,097	162,961	2,714,303	2,135,084
Real assets	605,065	779,067	108,715	90,905	3,235,720	2,350,466
U.S. bond funds	10,349	5,483	159,494	93,539	121,562	
Non-U.S. bond funds		131	24,999	22,527	14	14
Balanced funds	337,111	245,192	2,809,317	1,923,696		
Commingled funds	**12,825,628**	**13,893,708**	**13,086,278**	**9,618,370**	**33,794,421**	**26,376,444**
Investment derivatives	440	(2,986)	8,474	13,331	5,092	582
Publicly traded real estate investment trusts	330,113	233,341			2,205,065	1,729,028
Mortgage loans	768,948	900,480				
Real estate	747,135	835,644	189,855	159,637	1,689,993	2,141,683
Other investments	10,263	10,316	391,776	202,721		
Campus foundations' investments with the University	(3,843,090)	(2,984,184)				
UCRS investment in the STIP	(2,441,046)	(1,848,727)				
Custodial investment funds	(521,389)	(424,636)	(716,599)	(544,168)		
Total investments	**38,448,400**	**30,239,155**	**13,910,200**	**10,224,313**	**$124,576,493**	**$97,278,282**
Less: Current portion	(9,873,974)	(8,392,586)	(886,902)	(779,681)		
Noncurrent portion	**$28,574,426**	**$21,846,569**	**$13,023,298**	**$9,444,632**		

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates. Alternative investment strategies and their underlying assets and rights are subject to an array of economic and market vagaries that can limit or erode value.

Credit Risk

Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or the possibility that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies, for example Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk. Asset-backed securities are debt obligations that represent claims to the cash flows from pools of commercial, mortgage, credit card or student loans. Mortgage-backed securities issued by Ginnie Mae are backed by the full faith and credit of the U.S. government.

The investment guidelines for STIP recognize that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk-adjusted return over its benchmark. The combined benchmark for STIP is a 50/50 weighted average of the yield on a constant maturity one-year U.S. Treasury Note and U.S. 30-day Treasury Bills.

The University recognizes that credit risk is appropriate in balanced investment pools such as TRIP, BGP, UCRS and GEP by virtue of the benchmarks chosen for the fixed-income portion of those pools.

The core fixed-income benchmark for UCRSP is the Barclays Capital U.S. Aggregate Bond Index, comprised of 26.5 percent corporate bonds and 34.2 percent mortgage/asset-backed bonds, all of which carry some degree of credit risk. The remaining 39.3 percent is government issued bonds. The core fixed-income benchmark for TRIP, BGP, UCRP and GEP is the Barclays 1-5 Year US Government/Credit Index, comprised of 26.3 percent corporate bonds and 7.0 percent non-corporate bonds, all of which carry some degree of credit risk. The remaining 66.7 percent is government issued bonds.

Credit risk is managed primarily by diversifying across issuers. The University monitors and reviews their exposures on an ongoing basis and will maintain a high-quality portfolio within the investment guidelines set forth by the Office of the Chief Investment Officer.

The credit risk profile for fixed- or variable-income securities at June 30 is as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Fixed- or variable-income securities:						
U.S. government-guaranteed	$7,206,317	$2,732,793	$303,273	$419,978	$9,920,069	$8,704,157
Other U.S. dollar-denominated:						
AAA	360,316	279,125	153,968	15,635	2,213,566	1,378,653
AA	229,745	474,082	9,396	25,745	2,933,174	1,767,974
A	835,429	1,069,385	20,682	12,955	2,354,594	1,388,220
BBB	1,155,273	1,106,252	23,100	19,495	3,492,354	2,334,456
BB	6,160	124,414		46,125	1,228,336	1,285,986
B		7,190		38,132	1,048,464	983,595
CCC or below			12,818	4,346	361,782	300,817
A1/P1/F1			27,404	4,488		
Not rated	7,992,624	5,253,222	13,929	15,233	2,659,094	3,720,283
Foreign currency-denominated:						
BBB			997	933		
B						599
Commingled funds:						
U.S. bond funds: not rated	10,349	5,483	159,494	93,539	121,562	
Non-U.S. bond funds: not rated		131	24,999	22,527	14	14
Money market funds: not rated	1,592,914	4,953,880	1,079,924	1,065,056	3,932,056	4,268,874
Other investments:						
Mortgage loans: not rated	768,948	900,480				

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned.

Substantially all of the University's, campus foundations' and UCRS' securities are registered in the University's name by the custodial bank as an agent for the University. Other types of investments such as private investments, real estate, commingled funds and derivatives, represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk for such investments is remote.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The U.S. and non-U.S. equity portions of the University and UCRS portfolios may be managed either passively or actively. For the portions managed passively, the concentration of individual securities is similar to their concentration in the benchmark. While some securities have a larger representation in the benchmark than others, the University considers passive management results in an absence of concentration of credit risk. For the portions managed actively, asset class guidelines do not specifically address concentration risk, but do state that the equity asset class, in the aggregate, will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the asset class benchmark (including concentration of credit risk). Concentration risk for individual portfolios is monitored relative to their individual benchmarks and agreed-upon risk parameters in their guidelines.

Each campus foundation may have its own individual investment policy designed to limit exposure to a concentration of credit risk. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, other investment pools or investments that are invested by the University for the campus foundations are not subject to concentration of credit risk. Most of the campus foundations that hold other types of investments have policies to limit the exposure to an individual issuer.

At June 30, 2021 and 2020, no single issuer comprised more than five percent or more of investments held by the University, campus foundations and UCRS.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100-basis-point (1-percentage-point) change in the level of interest rates. It is not a measure of time.

Interest rate risk for STIP is managed by constraining the maturity of all individual securities to be less than or equal to 12 months. There is no restriction on weighted average maturity of the portfolio as it is managed relative to the liquidity demands of the investors. The nature and maturity of individual securities in STIP allow for the use of weighted average maturity as an effective risk management tool, rather than the more complex measure, effective duration.

The portfolio guidelines constrain the potential price movement due to interest rate changes of the portfolio being similar to that of the benchmark. There are similar restrictions for the high-yield and emerging market debt portfolios relative to their benchmarks.

The effective durations for fixed- or variable-income securities at June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Fixed- or variable-income securities:						
U.S. government-guaranteed:						
U.S. Treasury bills, notes and bonds	1.8	1.5	2.3	2.4	4.9	6.5
U.S. Treasury strips	4.3	5.9	13.9	14.6	3.4	7.6
U.S. TIPS					5.7	6.0
U.S. government-backed securities			4.2			
U.S. government-backed mortgage-backed securities			1.1	1.4	4.1	0.5
Other U.S. dollar-denominated:						
Corporate bonds	2.8	1.9	1.3	1.7	4.0	6.6
Commercial paper			0.2			
U.S. agencies			1.7		18.0	6.3
U.S. agencies - asset-backed securities	0.1		3.2	1.4	3.0	1.3
Corporate - asset-backed securities			1.0	1.1	4.5	1.4
Supranational/foreign	2.8	1.6	0.4	0.5	5.6	7.2
Certificates of deposit/time deposits			0.3	0.2		
Other	3.2		0.5	3.8	10.2	16.1
Foreign currency-denominated:						
Corporate						1.8
Government/sovereign			2.4	3.1		
Commingled funds:						
U.S. bond funds	6.8	6.1	4.4	5.5	6.6	
Non-U.S. bond funds			5.2	8.1	8.5	8.3
Money market funds*			0.1	0.4		0.4

**Foundation and UCRS investment in STIP*

The University considers the effective durations for commercial paper, mortgage loans, insurance contracts and money market funds to be zero. The terms of the mortgage loans include variable interest rates. Insurance contracts can be liquidated without loss of principal, and money market funds consist of underlying securities that are of a short-term, liquid nature.

Investments also include various mortgage-backed securities, collateralized mortgage obligations, structured notes, variable-rate securities and callable bonds that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. The effective durations of these securities, however, may be low.

At June 30, the fair values of such investments are as follows:

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA 2021	UNIVERSITY OF CALIFORNIA 2020	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS 2021	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS 2020	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM 2021	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM 2020
Mortgage-backed securities	$3,249,589	$4,256,222	$21,454	$15,021	$6,123,771	$4,751,920
Collateralized mortgage obligations			98,789	10,673	70,108	246,393
Other asset-backed securities	279,094	166,699	20,294	20,196	612,642	645,472
Structured notes	316,259				2,171,549	575
Variable-rate securities	2,640,841	62,206			1,293,825	659,954
Callable bonds	1,449,150	1,157,608			9,146,369	6,650,803
Convertible bonds					3,304	
Total	**$7,934,933**	**$5,642,735**	**$140,537**	**$45,890**	**$19,421,568**	**$12,955,117**

Mortgage-Backed Securities. These securities are issued primarily by Fannie Mae, Ginnie Mae and Freddie Mac, and various commercial entities and include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying asset reduce the total expected rate of return.

Collateralized Mortgage Obligations. Collateralized mortgage obligations (CMOs) generate a return based upon either the payment of interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In rising interest rate environments, the opposite is true.

Other Asset-Backed Securities. Other asset-backed securities also generate a return based upon either the payment of interest or principal on obligations in an underlying pool, generally associated with auto loans or credit cards. As with CMOs, the relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates.

Variable-Rate Securities. These securities are investments with terms that provide for the adjustment of their interest rates on set dates and are expected to have fair values that will be relatively unaffected by interest rate changes. Variable-rate securities may have limits on how high or low the interest rate may change. These constraints may affect the market value of the security.

Callable Bonds. Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The University must then replace the called bond with a bond that may have a lower yield than the original. The call feature causes the fair value to be highly sensitive to changes in interest rates.

At June 30, the effective durations for these securities are as follows:

(in years)	UNIVERSITY OF CALIFORNIA 2021	UNIVERSITY OF CALIFORNIA 2020	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS 2021	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS 2020	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM 2021	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM 2020
Mortgage-backed securities			3.5	1.3	3.3	1.2
Collateralized mortgage obligations		1.2	2.3	1.6	5.3	2.9
Other asset-backed securities	0.2	0.5	0.9	1.4	1.5	1.5
Structured notes	2.8				4.9	(1.6)
Variable-rate securities	0.3	2.9			3.8	2.7
Callable bonds	2.9	2.5			3.6	5.1
Convertible bonds					2.6	

Foreign Currency Risk

The University's strategic asset allocation policy for TRIP, UCRS and GEP includes allocations to non-U.S. equities and non-dollar-denominated bonds. The benchmarks for these investments are not hedged; therefore, foreign currency risk is part of the investment strategy. Portfolio guidelines for U.S. investment-grade fixed-income securities also allow exposure to non-U.S. dollar-denominated bonds up to 10 percent of the total portfolio market value. Exposure to foreign currency risk from these securities is permitted, and it may be fully or partially hedged using forward foreign currency exchange contracts. Under the University's investment policies, such instruments are not permitted for speculative use or to create leverage. Similar limits on foreign exchange exposure apply to the high-yield debt and emerging market debt portfolios.

At June 30, the foreign currency risk expressed in U.S. dollars, organized by currency denomination and investment type, is as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Equity securities:						
Euro	$1,131,002	$608,535			$5,172,768	$3,683,994
British Pound	401,081	160,498			2,129,972	1,456,420
Japanese Yen	623,022	308,534		$17,798	3,149,694	2,595,740
Canadian Dollar	266,181	109,393			1,377,797	934,660
Swiss Franc	325,785	166,729			1,480,250	1,165,858
Australian Dollar	166,406	69,544			866,137	607,305
Hong Kong Dollar	420,227	151,980			2,018,078	1,285,705
Swedish Krona	140,529	66,904			613,086	400,290
Singapore Dollar	25,752	10,816			119,842	92,509
Danish Krone	62,832	29,714			338,586	233,620
Norwegian Krone	19,328	7,736			152,645	96,579
South Korean Won	179,124	58,178			1,002,562	599,329
Brazilian Real	54,818	23,657			252,008	177,142
Indian Rupee	154,128	74,376	$9,411	5,225	701,378	403,587
Taiwan New Dollar	195,728	66,778			878,820	516,332
South African Rand	46,791	17,675			204,970	145,227
Thai Baht	24,103	14,608			113,160	122,137
Mexican Peso	20,731	8,050			97,777	64,598
Chinese Yuan Renminbi	53,939	16,482			265,711	149,798
Other	147,947	42,440	964	5,209	660,250	398,922
Subtotal	**4,459,454**	**2,012,627**	**10,375**	**28,232**	**21,595,491**	**15,129,752**
Fixed-income securities:						
Mexican Peso			997	933		
Euro						599
Subtotal			**997**	**933**		**599**
Commingled funds (various currency denominations):						
Absolute return funds			1,218,401	1,052,032		
Non-U.S. equity funds	2,745,222	1,866,199	1,126,672	880,676	8,042,236	6,186,670
Private equity	128,740	40,855	389,561	209,109	434,925	207,238
Real estate investment trusts			11,890	10,387		
Real assets	37,336	38,036	98,738	79,741	211,571	163,561
Non-U.S. bond funds		131	24,999	22,527	14	14
Balanced funds			200,883	109,572		
Subtotal	**2,911,298**	**1,945,221**	**3,071,144**	**2,364,044**	**8,688,746**	**6,557,483**
Investment derivatives:						
Australian Dollar	2	3			(28)	82
Canadian Dollar	80	48			300	279
British Pound		3			(137)	147
Japanese Yen	(1)	(8)	(82)	158	(225)	(440)
Hong Kong Dollar					(53)	(16)
Euro	51	106	(122)	205	(92)	1,348
Other	46	4	(272)	216	102	99
Subtotal	**178**	**156**	**(476)**	**579**	**(133)**	**1,499**
Publicly traded real estate investment trusts:						
Australian Dollar	14,669	5,549			69,820	46,952
Euro	8,937	3,817			45,609	33,427
British Pound	11,099	3,945			52,757	36,741
Japanese Yen	22,573	8,590			95,822	72,915
South African Rand	1,292	542			5,798	3,139
Singapore Dollar	6,795	3,592			33,411	29,415
Canadian Dollar	4,797	833			17,892	11,513
Mexican Peso	947	544			4,564	2,721
Other	4,775	2,311			23,436	18,050
Subtotal	**75,884**	**29,723**			**349,109**	**254,873**
Total exposure to foreign currency risk	**$7,446,814**	**$3,987,727**	**$3,082,040**	**$2,393,788**	**$30,633,213**	**$21,944,206**

The University's Investment Pools

The composition of the University's investments at June 30, 2021, by investment pool, is as follows:

	UNIVERSITY OF CALIFORNIA					
(in thousands of dollars)	STIP	TRIP	BGP	GEP	OTHER	TOTAL
Equity securities:						
Domestic		$3,766,475	$332,314	$4,084,904	$142,387	$8,326,080
Foreign		2,539,438	223,117	1,687,302	9,597	4,459,454
Fixed- or variable-income securities:						
U.S. government-guaranteed	$1,850,553	4,262,861	87,797	982,447	22,659	7,206,317
Other U.S. dollar-denominated	8,024,228	2,077,008	50,647	420,923	6,741	10,579,547
Commingled funds	1,293,562	171,999	4,561	10,850,067	505,439	12,825,628
Investment derivatives		67	(4)	362	15	440
Publicly traded real estate investment trusts		179,999	15,827	132,391	1,896	330,113
Mortgage loans	768,948					768,948
Real estate				708,477	38,658	747,135
Other investments					10,263	10,263
Subtotal	**11,937,291**	**12,997,847**	**714,259**	**18,866,873**	**737,655**	**45,253,925**
Campus foundations' investments with the University	(1,273,737)			(2,407,565)	(161,788)	(3,843,090)
UCRS investment in the STIP	(2,441,046)					(2,441,046)
Custodial investment funds		(1,067)		(520,322)		(521,389)
Total investments	**$8,222,508**	**$12,996,780**	**$714,259**	**$15,938,986**	**$575,867**	**$38,448,400**

The composition of the University's investments at June 30, 2020, by investment pool, is as follows:

	UNIVERSITY OF CALIFORNIA				
(in thousands of dollars)	STIP	TRIP	GEP	OTHER	TOTAL
Equity securities:					
Domestic		$3,565,546	$2,857,359	$144,204	$6,567,109
Foreign		895,156	1,070,551	46,920	2,012,627
Fixed- or variable-income securities:					
U.S. government-guaranteed	$1,418,559	1,086,563	215,789	11,882	2,732,793
Other U.S. dollar-denominated	7,025,841	1,192,257	80,600	14,972	8,313,670
Commingled funds	3,448,653	247,272	8,645,664	1,552,119	13,893,708
Investment derivatives		616	(3,566)	(36)	(2,986)
Publicly traded real estate investment trusts		133,424	95,541	4,376	233,341
Mortgage loans	900,480				900,480
Real estate			773,818	61,826	835,644
Other investments				10,316	10,316
Subtotal	**12,793,533**	**7,120,834**	**13,735,756**	**1,846,579**	**35,496,702**
Campus foundations' investments with the University	(1,165,134)		(1,581,183)	(237,867)	(2,984,184)
UCRS investment in the STIP	(1,848,727)				(1,848,727)
Custodial investment funds	(150,735)	(1,366)	(267,186)	(5,349)	(424,636)
Total investments	**$9,628,937**	**$7,119,468**	**$11,887,387**	**$1,603,363**	**$30,239,155**

The total investment returns based upon unit values, representing the combined income plus net appreciation or depreciation in the fair value of investments, for the year ended June 30, 2021 were 21.2 percent for TRIP, 5.8 percent since April 1, 2021 for BGP, 33.7 percent for GEP and 30.5 percent for UCRP. The total investment returns based upon unit values, representing the combined income plus net appreciation or depreciation in the fair value of investments, for the year ended June 30, 2020, were 1.7 percent for TRIP, negative 5.0 percent until April 30, 2020 for BGP, 5.0 percent for GEP and 1.7 percent for UCRP. The investment return for STIP distributed to participants, representing combined income and realized gains or losses, during the same periods, was 0.8 percent and 2.1 percent, respectively. Other investments consist of numerous, small portfolios of investment or individual securities, each with its own individual rate of return.

Related Party Relationships with the University

UCRS and campus foundations may invest available cash in STIP. Shares are purchased or redeemed in STIP at a constant value of $1 per share. Actual income earned, including any realized gains or losses on the sale of STIP investments, is allocated to UCRS and campus foundations based upon the number of shares held. Unrealized gains and losses associated with the fluctuation in the fair value of investments included in STIP are recorded by the University as the manager of the pool. The net asset value for STIP is held at a constant value of $1 and is not adjusted for unrealized gains and losses associated with the fluctuation in the fair value of investments included in STIP.

The campus foundations may also purchase or redeem shares in GEP, BGP, TRIP or other investment pools at the unitized value of the portfolio at the time of purchase or redemption. Actual income earned is allocated to the campus foundations based upon the number of shares held.

Campus Foundations

The campus foundations' cash and cash equivalents and investments that are invested with the University and managed by the Chief Investment Officer are excluded from the University's statement of net position and included in the campus foundations' statement of net position. Under the accounting policies elected by each campus foundation, certain component units classify all or a portion of their investment in STIP and TRIP as cash and cash equivalents, rather than investments. Substantially all of the campus foundations' investments managed by the Chief Investment Officer are categorized as commingled funds or commingled money market funds by the campus foundations in the composition of investments.

The fair value of the campus foundations' cash and cash equivalents and investments that are invested with the University, by investment pool, at June 30 are as follows:

(in thousands of dollars)	**2021**	**2020**
STIP	$1,273,737	$1,165,134
GEP	2,407,565	1,581,183
Other investment pools	161,788	237,867
Campus foundations' investments with the University	**3,843,090**	**2,984,184**
Classified as cash and cash equivalents by campus foundations	(265,133)	(224,430)
Classified as investments by campus foundations	**$3,577,957**	**$2,759,754**

Investment income in the University's statement of revenues, expenses and changes in net position is net of income earned by, and distributed to, the campus foundations totaling $17.5 million and $29.9 million for the years ended June 30, 2021 and 2020, respectively.

UCRS

UCRS had $2.4 billion and $1.8 billion invested in STIP at June 30, 2021 and 2020, respectively. These investments are excluded from the University's statement of net position and are included in UCRS' statement of plans' fiduciary net position. They are categorized as commingled money market funds in the composition of investments for UCRS. STIP investment income in the University's statement of revenues, expenses and changes in net position is net of income earned by, and distributed to, UCRS totaling $7.0 million and $44.7 million for the years ended June 30, 2021 and 2020, respectively.

External Investment Pools

STIP and GEP are external investment pools. The composition of the net position at June 30 is as follows:

	STIP		**GEP**	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
Investments	$11,937,291	$12,793,533	$18,866,873	$13,735,756
Investment of cash collateral		20,136	540,595	303,685
Securities lending collateral		(20,136)	(540,595)	(303,688)
Other assets, net	4,192,499	3,707,093	228,133	296,267
Net position	**$16,129,790**	**$16,500,626**	**$19,095,006**	**$14,032,020**

Participants purchase or redeem shares in STIP at a constant value of $1 per share and purchase or redeem shares in GEP at the unitized value of the portfolio at the time of purchase or redemption. Actual income earned is allocated to participants based upon the number of shares held.

Other assets include amounts receivable for pension benefits from the campuses and medical centers of $4.0 billion and $3.7 billion at June 30, 2021 and 2020, respectively.

The changes in net position for STIP and GEP for the year ended June 30 are as follows:

	STIP		GEP	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
Net position, beginning of year	$16,500,626	$12,112,799	$14,032,020	$13,219,481
Investment income	124,470	246,954	118,331	71,793
Net appreciation (depreciation) in fair value of investments	(17,465)	39,763	4,727,288	573,793
Net transfer to TRIP	(725)	(3,650)		
Transfers from (to) BGP, net	(700,000)	1,388,168		
Participant contributions, net	222,884	2,716,592	217,367	166,953
Net position, end of year	**$16,129,790**	**$16,500,626**	**$19,095,006**	**$14,032,020**

3. SECURITIES LENDING

The University and UCRS jointly participate in a securities lending program as a means to augment income. The campus foundations' investments that are invested with the University and managed by the Chief Investment Officer are included in the University's investment pools that participate in the securities lending program.

The campus foundations' allocated share of the program's cash collateral received, investment of cash collateral and collateral held for securities lending is determined based upon their equity in the investment pools. The Board of Trustees for each campus foundation may also authorize participation in a direct securities lending program.

Securities are lent to selected brokerage firms for which collateral received equals or exceeds the fair value of such investments lent during the period of the loan. Securities loans immediately terminate upon notice by either the University or the borrower. Collateral may be cash or securities issued by the U.S. government or its agencies, or the sovereign or provincial debt of foreign countries. Securities collateral cannot be pledged or sold by the University unless the borrower defaults.

Loans of domestic equities and all fixed-income securities are initially collateralized at 102 percent of the fair value of securities lent. Loans of foreign equities are initially collateralized at 105 percent. All borrowers are required to provide additional collateral by the next business day if the value of the collateral falls to less than 100 percent of the fair value of securities lent.

Cash collateral received from the borrower is invested by lending agents, as agents for the University, in investment pools in the name of the University, with guidelines approved by the University. These investments are shown as investment of cash collateral in the statement of net position. At June 30, 2021 and 2020, the securities in these pools had a weighted average maturity of 24 days and 13 days, respectively. The University records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net position. Securities collateral received from the borrower is held in investment pools by the University's custodial bank.

At June 30, 2021 and 2020, the University had insignificant exposure to borrowers because the amounts the University owed the borrowers were substantially the same as the amounts the borrowers owed the University. The University is indemnified by its lending agents against any losses incurred as a result of borrower default.

The composition of the securities lending programs at June 30 is as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
SECURITIES LENT						
For cash collateral:						
Equity securities:						
Domestic	$476,650	$350,781			$5,280,611	$3,617,522
Foreign	21,902	12,527			335,378	219,369
Fixed-income securities:						
U.S. government-guaranteed	15,227	3,676			1,551,165	1,896,426
U.S. agency	9,451				121,703	
Other U.S. dollar-denominated	452,461	57,264			1,848,977	1,706,795
Foreign currency-denominated					18,828	27,454
Foundations' share		(41,974)		$41,974		
Lent for cash collateral	**975,691**	**382,274**		**41,974**	**9,156,662**	**7,467,566**
For securities collateral:						
Equity securities:						
Domestic	87,578	237,317			2,311,240	2,683,687
Foreign	134,137	88,928			2,124,374	1,306,148
Fixed-income securities:						
U.S. government-guaranteed	20,493	17,016			1,581,079	1,659,834
Other U.S. dollar-denominated	58,932	52,378			542,913	513,830
Foreign currency-denominated					61,512	90,308
Lent for securities collateral	**301,140**	**395,639**			**6,621,118**	**6,253,807**
Total securities lent	**$1,276,831**	**$777,913**		**$41,974**	**$15,777,780**	**$13,721,373**
COLLATERAL RECEIVED						
Cash	$998,441	$429,311			$9,369,192	$7,588,760
Foundations' share		(41,974)		$41,974		
Total cash collateral received	**998,441**	**387,337**		**41,974**	**9,369,192**	**7,588,760**
Securities	323,989	426,482			7,123,510	6,741,336
Total collateral received	**$1,322,430**	**$813,819**		**$41,974**	**$16,492,702**	**$14,330,096**
INVESTMENT OF CASH COLLATERAL						
Fixed-income securities:						
Other U.S. dollar-denominated:						
Corporate bonds	$26,484	$4,230			$248,517	$74,771
Commercial paper	64,101	12,101			601,515	213,900
Repurchase agreements	587,356	271,677			5,511,644	4,802,322
Corporate - asset-backed securities		2,032				35,915
Certificates of deposit/time deposits	316,207	110,815			2,967,232	1,958,860
Supranational/foreign	4,671	28,761			43,829	508,393
Other (liabilities), net*	(378)	(310)			(3,545)	(5,481)
Foundations' share		(41,974)		$41,974		
Investment of cash collateral	**998,441**	**387,332**		**41,974**	**$9,369,192**	**$7,588,680**
Less: Current portion	(973,402)	(350,610)		(37,995)		
Noncurrent portion	**$25,039**	**$36,722**		**$3,979**		

** Other (liabilities), net is comprised of pending settlements of cash collateral investments.*

The University earns interest and dividends on the collateral held during the loan period, as well as a fee from the brokerage firm, and is obligated to pay a fee and rebate to the borrower. The University receives the net investment income. The securities lending income and fees and rebates for the year ended June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Securities lending income	$1,699	$14,348	$28	$1,603	$48,452	$133,203
Securities lending fees and rebates	(876)	(7,599)		(883)	(10,918)	(91,549)
Securities lending investment income, net	**$823**	**$6,749**	**$28**	**$720**	**$37,534**	**$41,654**

Investment Risk Factors

There are a variety of potential risk factors involved in a securities lending program. Risks associated with the investment of cash collateral may include the credit risk from fixed-income securities, concentration of credit risk, interest rate risk and foreign currency risk. In addition, there may be custodial credit risk associated with both cash and securities received as collateral for securities lent.

The University's and UCRS' investment guidelines and other information related to each of these risks are summarized below. Campus foundations that participate in a securities lending program may have their own individual investment policies designed to limit the same risks.

Credit Risk

The University's and UCRS' investment guidelines for the investment of cash collateral maintained in separately managed collateral pools restrict the credit rating of issuers at the time of purchase to no less than A-1, P-1 or F-1 for short-term securities and no less than A2/A for long-term securities. Asset-backed securities must have a rating of AAA at the time of purchase.

The credit risk profile for fixed- or variable-income securities associated with the investment of cash collateral at June 30 is as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Fixed- or variable-income securities:						
Other U.S. dollar-denominated:						
AAA	$4,671	$18,301			$43,829	$323,508
AA-	85,036	23,023			797,964	406,975
A+	96,930	43,049			909,570	760,959
A	44,589	19,811			418,414	350,189
A-1/A-2/P-1/F-1	180,237	41,263			1,691,317	729,405
Not rated		12,491				220,801
Other (liabilities) net*: not rated	(378)	(310)			(3,545)	(5,481)
Campus foundations' share		(41,974)		$41,974		

** Other (liabilities), net is comprised of pending settlements of cash collateral investments.*

Custodial Credit Risk

Cash collateral received for securities lent is invested in pools by the University's lending agents. The University's and UCRS' securities related to the investment of cash collateral are registered in the University's name by the lending agents. Securities collateral received for securities lent are held in investment pools by the University's lending agents. As a result, custodial credit risk is remote.

Concentration of Credit Risk

The University's and UCRS' investment guidelines with respect to the concentration of credit risk associated with the investment of cash collateral in the separately managed collateral pools restricts investments in any single issuer of corporate debt securities, time deposits, certificates of deposit, banker's acceptances and money market funds to no more than 5 percent of the portfolio value at the time of purchase. Campus foundations that directly participate in a securities lending program do not have specific investment policies related to concentration of credit risk, although the lending agreements with the agents establish restrictions for the type of investments, as well as minimum credit ratings.

Investments in issuers other than U.S. government-guaranteed securities that represent 5 percent or more of the total investment of cash collateral at June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
Morgan Stanley & Co. LLC	$95,822	$36,784	$899,178	$650,218
Goldman Sachs & Co.	51,041		478,960	
Citigroup Global Markets Inc.	95,341	30,520	894,661	539,481
JP Morgan Securities LLC	79,547	28,699	746,453	507,299
BofA Securities Inc.		22,167		391,834
BNP Paribas Prime Brokerage		26,397		466,603
Barclays Bank PLC	117,009	31,590	1,097,992	558,409

Interest Rate Risk

The nature of individual securities in the collateral pools allows for the use of weighted average maturity as an effective risk management measure. The University's and UCRS' investment guidelines with respect to the interest rate risk associated with the investment of cash collateral in the separately managed collateral pools require the weighted average maturity of the entire collateral pool to be less than 120 days. The maturity of securities issued by the U.S. government and asset-backed securities must be less than five years, corporate debt obligations must be less than two years and time deposits must be less than 190 days.

The weighted average maturity expressed in days for fixed- or variable-income securities associated with the investment of cash collateral at June 30 is as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in days)	**2021**	**2020**	**2021**	**2020**
Fixed- or variable-income securities:				
Other U.S. dollar-denominated:				
Corporate bonds	35	1	35	1
Commercial paper	97	42	97	42
Repurchase agreements	1	9	1	9
Corporate asset-backed securities		15		15
Certificates of deposit/time deposits	49	20	49	20
Supranational/foreign	21	19	21	19

Investment of cash collateral may include various asset-backed securities, structured notes and variable-rate securities that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features, although the weighted average maturity may be short.

At June 30, the fair value of investments that are considered to be highly sensitive to changes in interest rates is as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Other asset-backed securities	$4,671	$28,866			$43,829	$510,246
Variable-rate investments	703,547	212,834			6,601,955	3,762,173
Campus foundations' share		(23,632)		$23,632		
Total	**$708,218**	**$218,068**		**$23,632**	**$6,645,784**	**$4,272,419**

At June 30, 2021 and 2020, the weighted average maturity expressed in days for asset-backed securities was 21 days and 19 days, respectively, and for variable-rate investments it was 18 days and 9 days, respectively.

Foreign Currency Risk

The University's and UCRS' investment policy with respect to the foreign currency risk associated with the investment of cash collateral maintained in separate collateral pools restricts investments to U.S. dollar-denominated securities. Therefore, there is no foreign currency risk.

4. DERIVATIVE FINANCIAL INSTRUMENTS

The University may use derivatives including futures, forward contracts, options and interest rate swap contracts as a substitute for investing in equity and fixed-income securities to reduce the effect of fluctuating foreign currencies on foreign currency-denominated investments, or to limit its exposure of variable-rate bonds to changes in market interest rates. The Board of Trustees for each campus foundation may also authorize derivatives in its investment policy.

The University enters into futures contracts for the purpose of acting as a substitute for investing in equity and fixed-income securities. A futures contract is an agreement between two parties to buy and sell a security or financial index, interest rate or foreign currency at a set price on a future date. They are standardized contracts that can be easily bought and sold and are exchange-traded. Upon entering into such a contract, the University is required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange on which the contract is traded. Pursuant to the contract, the University agrees to receive from, or pay to, the counterparty an amount of cash equal to the daily fluctuation in the value of the contract. These contracts are settled on a daily basis, with the resulting realized gain or loss included in the statement of revenues, expenses and changes in net position. The settlement amount at the end of each day for each of the contracts, or variation margin, is included in investments and represents the fair value of the contracts.

Forward contracts are similar to futures contracts, although they are not exchange-traded. Foreign currency exchange contracts are forward contracts used to hedge against foreign currency exchange rate risks on non-U.S. dollar-denominated investment securities and to increase or decrease exposure to various foreign currencies.

An options contract gives the University the right, but not the obligation, to buy or sell a specified security or index at a fixed price during a specified period for a nonrefundable fee (the "premium"). The maximum loss to the University is limited to the premium originally paid for covered options. The University initially records premiums paid for the purchase of these options in the statement of net position as an investment which is subsequently adjusted to reflect the fair value of the options, with unrealized gains and losses included in the statement of revenues, expenses and changes in net position.

Rights and warrants provide the holder with the right, but not the obligation, to buy a stock at a predetermined price for a finite period of time. Warrants usually have a longer time period to expiration. The holder of a right or warrant is permitted to buy at a price that may be below the actual market price for that stock. Warrants and rights cease to exist and become worthless if not used by their expiration date.

An interest rate swap is a contractual agreement entered into between the University and a counterparty under which each agrees to exchange periodic fixed or variable payments for an agreed period of time based upon a notional amount of principal or value of the underlying contract. The payments correspond to an equity index, an interest rate or to currency. A credit default swap is an agreement whereby the seller will compensate the buyer in the event of a loan default. A swaption is an option granting its owner the right but not the obligation to enter into an underlying swap. The University considers its futures, forward contracts, options, credit default swaps, swaptions, rights, warrants and certain interest rate swaps to be investment derivatives.

As a means to lower the University's borrowing costs, when compared against fixed-rate bonds at the time of issuance, the University entered into interest rate swap agreements in connection with certain of its variable-rate Medical Center Pooled Revenue Bonds and General Revenue Bonds. The University determined that certain of its interest rate swaps are derivative instruments that meet the criteria for an effective hedge. Certain of the interest rate swaps are considered hybrid instruments since, at the time of execution, the fixed rate on each of the swaps was off-market and the University received an upfront payment. As such, these swaps are each comprised of a derivative instrument, an at-the-market swap that is an effective hedge, and a companion instrument, a borrowing represented by the upfront payment. The unamortized amount of the borrowing under the companion instruments was $76.7 million and $81.7 million at June 30, 2021 and 2020, respectively.

In 2020, the University entered into two forward starting interest rate swaps. Under these forward starting interest rate swap agreements, the University pays the swap counterparty a fixed interest rate payment and receives a variable-rate interest payment commencing in 2023. These interest rate swaps are anticipated to be cash flow hedges for variable-rate bonds that will be issued to refund the Medical Center Pooled Revenue Bonds 2013 Series J in 2023. In the event that the Medical Center Pooled Revenue Bonds 2013 Series J bonds are not refunded with variable-rate bonds, the swaps can be canceled at fair value.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, categorized by type, and the changes in fair value of such derivatives are as follows:

University of California

(in thousands of dollars)	NOTIONAL AMOUNT		FAIR VALUE–POSITIVE (NEGATIVE)			CHANGES IN FAIR VALUE		
CATEGORY	**2021**	**2020**	**CLASSIFICATION**	**2021**	**2020**	**CLASSIFICATION**	**2021**	**2020**
INVESTMENT DERIVATIVES								
Futures contracts:								
Domestic equity futures:								
Long positions	$130,918	$87,663	Investments	$246	$643	Net appreciation (depreciation)	$31,923	($5,265)
Foreign equity futures:								
Long positions	5,386	1,918	Investments	61	36	Net appreciation (depreciation)	904	(14)
Futures contracts, net				**307**	**679**		**32,827**	**(5,279)**
Foreign currency exchange contracts, net:								
Long positions	34	225	Investments		(1)	Net appreciation (depreciation)	(946)	2,019
Short positions	2,011	121,353	Investments	10	(3,801)	Net appreciation (depreciation)	(9,547)	3,080
Foreign currency exchange contracts, net				**10**	**(3,802)**		**(10,493)**	**5,099**
Other:								
Stock rights/warrants			Investments	123	137	Net appreciation (depreciation)	115	(78)
Other, net				**123**	**137**		**115**	**(78)**
Total investment derivatives				**$440**	**($2,986)**		**$22,449**	**($258)**
CASH FLOW HEDGES								
Effective interest rate swaps:								
Pay fixed, receive variable	$1,772,055	$1,431,535	Other liabilities	($154,182)	($259,944)	Deferred (inflows) outflows	$105,762	($129,783)

University of California Campus Foundations

(in thousands of dollars)	NOTIONAL AMOUNT		FAIR VALUE–POSITIVE (NEGATIVE)			CHANGES IN FAIR VALUE		
CATEGORY	**2021**	**2020**	**CLASSIFICATION**	**2021**	**2020**	**CLASSIFICATION**	**2021**	**2020**
INVESTMENT DERIVATIVES								
Futures contracts:								
Domestic equity futures:								
Long positions	$31,736	$61,804	Investments	$441	$1,811	Net appreciation	$15,713	$14,356
Short positions		(125,372)	Investments		10,810	Net depreciation		(488)
Foreign equity futures:								
Long positions	38,804	31,880	Investments	(436)	755	Net appreciation (depreciation)	14,880	(7,459)
Other:								
Options/swaptions	1,532	3,166	Investments	6,483	(45)	Net depreciation	(11,675)	(7,096)
Swaps	145,112	59,610	Investments	1,328		Net appreciation (depreciation)	27,160	(12,135)
Custodial investment funds				658				
Total investment derivatives				**$8,474**	**$13,331**		**$46,078**	**($12,822)**

University of California Retirement System

(in thousands of dollars)	NOTIONAL AMOUNT		FAIR VALUE–POSITIVE (NEGATIVE)			CHANGES IN FAIR VALUE		
CATEGORY	**2021**	**2020**	**CLASSIFICATION**	**2021**	**2020**	**CLASSIFICATION**	**2021**	**2020**
INVESTMENT DERIVATIVES								
Futures contracts:								
Domestic equity futures:								
Long positions	$875,655	$462,091	Investments	$2,794	$4,611	Net appreciation (depreciation)	$236,172	($7,413)
Foreign equity futures:								
Long positions	63,489	44,630	Investments	(388)	332	Net appreciation (depreciation)	12,767	(1,242)
Futures contracts, net				**2,406**	**4,943**		**248,939**	**(8,655)**
Foreign currency exchange contracts, net:								
Long positions	13,196	12,858	Investments	(241)	(55)	Net appreciation	361	2,837
Short positions	319,622	187,035	Investments	1,636	(5,860)	Net appreciation (depreciation)	(8,200)	4,821
Foreign currency exchange contracts, net				**1,395**	**(5,915)**		**(7,839)**	**7,658**
Other:								
Stock rights/warrants			Investments	1,291	1,554	Net appreciation (depreciation)	731	(1,364)
Other, net				**1,291**	**1,554**		**731**	**(1,364)**
Total investment derivatives				**$5,092**	**$582**		**$241,831**	**($2,361)**

Objectives and Terms of Hedging Derivative Instruments

The objectives and terms of the hedging derivative instruments outstanding at June 30, along with the credit rating of the associated counterparty, are as follows:

(in thousands of dollars)		NOTIONAL AMOUNT							FAIR VALUE	
TYPE	OBJECTIVE	2021	2020	EFFECTIVE DATE	MATURITY DATE	CASH PAID OR RECEIVED	TERMS	COUNTERPARTY CREDIT RATING	2021	2020
UNIVERSITY OF CALIFORNIA										
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	$52,900	$56,760	2020	2032	None	Pay fixed 3.5897%; receive 58% of Federal Funds Rate + 0.564%	Aa2/A+	($7,651)	($10,708)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	31,610	31,610	2020	2030	None	Pay fixed 4.55%; receive 67% of Federal Funds Rate + 0.76%	Aa2/A+	(5,464)	(7,448)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	38,670	38,670	2020	2037	None	Pay fixed 4.625%; receive 67% of Federal Funds Rate + 0.797%	Aa2/A+	(13,329)	(17,738)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	54,495	54,495	2020	2043	None	Pay fixed 4.6935%; receive 67% of Federal Funds Rate + 0.861%	Aa2/A+	(25,251)	(33,723)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	400,000	400,000	2019	2023	None	Pay fixed 1.8982%; receive 70% of Federal Funds Rate + 0.0925%	Aa2/AA-	(14,516)	(23,387)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	100,000	100,000	2019	2023	None	Pay fixed 1.9057%; receive 70% of Federal Funds Rate + 0.0925%	Aa2/AA-	(3,646)	(5,871)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	100,000	100,000	2019	2023	None	Pay fixed 1.8980%; receive 70% of Federal Funds Rate + 0.0975%	Aa2/A+	(3,617)	(5,830)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	24,250	24,250	2020	2045	None	Pay fixed 4.741%; receive 67% of Federal Funds Rate + 0.902%	Aa2/A+	(12,583)	(16,923)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	25,750	25,750	2020	2047	None	Pay fixed 4.741%; receive 67% of Federal Funds Rate + 0.902%	Aa2/A+	(14,058)	(19,007)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	500,000	500,000	2023	2039	None	Pay fixed 1.9817%; receive 70% of Federal Funds Rate	Aa2/AA-	(53,492)	(100,587)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	100,000	100,000	2023	2039	None	Pay fixed 1.899%; receive 70% of Federal Funds Rate	Aa2/A+	(9,502)	(18,722)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	172,190		2023	2048	None	Pay fixed 0.926%; receive 70% of Federal Funds Rate - H.15	A2/A	5,313	
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	172,190		2023	2048	None	Pay fixed 1.238%; receive 70% of Federal Funds Rate - H.15	A1/AA-	3,614	
Interest rate swaps, net		**$1,772,055**	**$1,431,535**						**($154,182)**	**($259,944)**

Hedging Derivative Instrument Risk Factors

Credit Risk

The University could be exposed to credit risk if the interest rate swap counterparties to the contracts are unable to meet the terms of the contracts. Contracts with positive fair values are exposed to credit risk. The University faces a maximum possible loss equivalent to the amount of the derivative's fair value, less any collateral held by the University provided by the counterparty. Contracts with negative fair values are not exposed to credit risk.

Although the University has entered into the interest rate swaps with creditworthy financial institutions to hedge its variable-rate debt, there is credit risk for losses in the event of nonperformance by counterparties or unfavorable interest rate movements.

There are no collateral requirements related to the interest rate swap with the $52.9 million notional amount. Depending on the fair value and the counterparty credit rating for the swaps related to the Medical Center Pooled Revenue Bonds with the counterparty that is currently rated Aa2/A+ with a combined notional amount of $174.8 million, the University may be entitled to receive collateral to the extent the positive fair value exceeds $20.0 million as of June 30, 2021. At June 30, 2021 and 2020, there was no collateral required. Depending on the fair value and the counterparty credit rating for the forward starting swaps related to the Medical Centers Pooled Revenue Bonds, the University may be entitled to receive collateral based on a positive value threshold. At June 30, 2021, there was no collateral required.

Depending on the fair value and the counterparty credit rating for the swaps related to the General Revenue Bonds with the counterparty that is currently rated Aa2/AA- with a combined notional amount of $500.0 million, the University may be entitled to receive collateral to the extent the positive fair value with the counterparty exceeds $30.0 million. At June 30, 2021 and 2020, there was no collateral required.

Depending on the fair value and the counterparty credit rating for the swap related to the General Revenue Bonds with the counterparty that is currently rated Aa2/A+ with a notional amount of $100.0 million, the University may be entitled to receive collateral to the extent the positive fair value with the counterparty exceeds $20.0 million. At June 30, 2021 and 2020, there was no collateral required.

Interest Rate Risk

There is a risk that the value of the interest rate swaps will decline because of changing interest rates. The values of the interest rate swaps with longer maturities tend to be more sensitive to changing interest rates and, therefore, more volatile than those with shorter maturities.

Basis Risk

There is a risk that the basis for the variable payment received on interest rate swaps will not match the variable payment on the bonds. This exposes the University to basis risk whenever the interest rates on the bonds are reset. The interest rate on the bonds is a tax-exempt interest rate, while the basis of the variable receipt on the interest rate swaps is taxable. Tax-exempt interest rates can change without a corresponding change in the Federal Funds Rate due to factors affecting the tax-exempt market which do not have a similar effect on the taxable market.

Termination Risk

There is termination risk for interest rate swaps associated with variable-rate bonds in the event of nonperformance by counterparties in an adverse market resulting in cancellation of the synthetic interest rate and returning the interest rate payments to the variable interest rates on the bonds. In addition, depending on the agreement, certain interest rate swaps may be terminated if a counterparty's credit quality rating, as issued by Moody's or Standard & Poor's, falls below certain thresholds. For the interest rate swap with the $52.9 million notional amount, the termination threshold is reached when the credit quality rating for either the underlying Medical Center Pooled Revenue Bonds or swap counterparty falls below Baa2 or BBB. For the swaps with the combined $174.8 million notional amount, the termination threshold is reached when the credit quality rating for the underlying Medical Center Pooled Revenue Bonds falls below Baa3/BBB-, or the interest rate swap counterparty's rating falls below Baa2 or BBB. For the forward starting swaps, the termination threshold is reached when either the credit quality rating for the underlying Medical Center Pooled Revenue Bonds or the swap counterparty's rating falls below Baa2 or BBB. Upon termination, the University may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

For the swaps with notional amounts of $400.0 million and $100.0 million with a counterparty that is currently rated Aa2/AA-, the termination threshold is reached when the credit quality rating for the underlying General Revenue Bonds falls below Baa2 or BBB, or the swap counterparty's rating falls below A3 or A-. For the swap with a notional amount of $100.0 million with a counterparty that is currently rated Aa2/A+, the termination threshold is reached when the credit quality rating for the underlying General Revenue Bonds falls below Baa2 or BBB, or the swap counterparty's rating falls below A3 or A-. Upon termination, the University may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

Rollover Risk

The University is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the University will be re-exposed to the risks being hedged by the hedging derivative instruments. The University is exposed to rollover risk on the interest rate swaps that mature in June 2039 because the hedged debt is scheduled to mature in May 2048.

5. FAIR VALUE

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities and other publicly traded securities.

Level 2 – Quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include fixed- or variable-income securities, commingled funds, certain derivatives and other assets that are valued using market information.

Level 3 – Investments and other assets classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments and other assets are based upon the best information in the circumstance and may require significant management judgment. Level 3 financial instruments include private equity investments, real estate and beneficial interests in irrevocable split-interest agreements.

Net Asset Value (NAV) – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in nongovernmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include hedge funds, private equity investments and commingled funds.

Not Leveled – Cash and cash equivalents including pending trades and settlements within various pools are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

The following tables summarize the investments and other assets reported at fair value within the fair value hierarchy as of June 30, 2021:

	UNIVERSITY OF CALIFORNIA					
(in thousands of dollars)	TOTAL	QUOTED PRICES IN ACTIVE MARKETS (Level 1)	OTHER OBSERVABLE INPUTS (Level 2)	UNOBSERVABLE INPUTS (Level 3)	NET ASSET VALUE (NAV)	NOT LEVELED
Equity securities	$12,785,534	$12,782,877	$1,159	$1,498		
Fixed- or variable-income securities:						
U.S. government-guaranteed	7,206,317		7,206,317			
Other U.S. dollar-denominated	10,579,547	146,329	10,433,218			
Commingled funds	12,825,628	1,868,140		454,771	$10,775,183	($272,466)
Investment derivatives	440	123	317			
Publicly traded real estate investment trusts	330,113	330,019			94	
Mortgage loans	768,948			768,948		
Real estate	747,135			38,658	708,477	
Other investments	10,263			10,263		
Campus foundations' investments with the University	(3,843,090)					(3,843,090)
UCRS investment in STIP	(2,441,046)					(2,441,046)
Custodial investment funds	(521,389)					(521,389)
Total investments	**$38,448,400**	**$15,127,488**	**$17,641,011**	**$1,274,138**	**$11,483,754**	**($7,077,991)**
Securities lending investments of cash collateral	**$998,441**		**$998,819**			**($378)**
Investments held by trustees	**$640,372**	**$427,509**	**$95,548**		**$37,697**	**$79,618**
Beneficial interests included in other noncurrent assets	**$53,242**			**$53,242**		

	CAMPUS FOUNDATIONS					
(in thousands of dollars)	TOTAL	QUOTED PRICES IN ACTIVE MARKETS (Level 1)	OTHER OBSERVABLE INPUTS (Level 2)	UNOBSERVABLE INPUTS (Level 3)	NET ASSET VALUE (NAV)	NOT LEVELED
Equity securities	$248,292	$231,745	$8	$16,539		
Fixed- or variable-income securities:						
U.S. government-guaranteed	303,273		303,273			
Other U.S. dollar-denominated	397,854	762	397,038	54		
Foreign currency denominated	997		997			
Commingled funds	13,086,278	891,945	546	87,295	$12,076,418	$30,074
Investment derivatives	8,474	(35)	8,509			
Real estate	189,855		821	47,209	141,825	
Other investments	391,776	6,774		2,118	380,877	2,007
Custodial investment funds	(716,599)	(4,565)	(12,440)	(1,150)	(338,763)	(359,681)
Total investments	**$13,910,200**	**$1,126,626**	**$698,752**	**$152,065**	**$12,260,357**	**($327,600)**
Beneficial interests included in other noncurrent assets	**$81,805**			**$81,805**		

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM					
	TOTAL	QUOTED PRICES IN ACTIVE MARKETS (Level 1)	OTHER OBSERVABLE INPUTS (Level 2)	UNOBSERVABLE INPUTS (Level 3)	NET ASSET VALUE (NAV)	NOT LEVELED
Equity securities	$60,670,489	$60,392,777	$119,308	$23	$158,381	
Fixed- or variable-income securities:						
U.S. government-guaranteed	9,920,069		9,920,069			
Other U.S. dollar-denominated	16,291,364		16,291,364			
Commingled funds	33,794,421	1,370,945		901,102	31,402,298	$120,076
Investment derivatives	5,092	1,271	3,821			
Publicly traded real estate investment trusts	2,205,065	2,203,467	848		750	
Real estate	1,689,993				1,689,993	
Total investments	**$124,576,493**	**$63,968,460**	**$26,335,410**	**$901,125**	**$33,251,422**	**$120,076**
Securities lending investments of cash collateral	**$9,369,192**		**$9,372,737**			**($3,545)**

The following tables summarize the investments and other assets reported at fair value within the fair value hierarchy as of June 30, 2020:

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA					
	TOTAL	QUOTED PRICES IN ACTIVE MARKETS (Level 1)	OTHER OBSERVABLE INPUTS (Level 2)	UNOBSERVABLE INPUTS (Level 3)	NET ASSET VALUE (NAV)	NOT LEVELED
Equity securities	$8,579,736	$8,578,238		$1,498		
Fixed- or variable-income securities:						
U.S. government-guaranteed	2,732,793	405	$2,732,388			
Other U.S. dollar-denominated	8,313,670		8,313,670			
Commingled funds	13,893,708	4,961,331		882,572	$8,053,771	($3,966)
Investment derivatives	(2,986)	137	(3,123)			
Publicly traded real estate investment trusts	233,341	233,313			28	
Mortgage loans	900,480			900,480		
Real estate	835,644			61,827	773,817	
Other investments	10,316			10,316		
Campus foundations' investments with the University	(2,984,184)					(2,984,184)
UCRS investment in STIP	(1,848,727)					(1,848,727)
Custodial investment funds	(424,636)					(424,636)
Total investments	**$30,239,155**	**$13,773,424**	**$11,042,935**	**$1,856,693**	**$8,827,616**	**($5,261,513)**
Securities lending investments of cash collateral	**$387,332**		**$387,642**			**($310)**
Investments held by trustees	**$711,987**	**$84,630**	**$375,744**		**$177,529**	**$74,084**
Beneficial interests included in other noncurrent assets	**$63,937**			**$63,937**		

(in thousands of dollars)	CAMPUS FOUNDATIONS					
	TOTAL	QUOTED PRICES IN ACTIVE MARKETS (Level 1)	OTHER OBSERVABLE INPUTS (Level 2)	UNOBSERVABLE INPUTS (Level 3)	NET ASSET VALUE (NAV)	NOT LEVELED
Equity securities	$171,357	$159,875	$8	$11,464	$10	
Fixed- or variable-income securities:						
U.S. government-guaranteed	419,978		419,978			
Other U.S. dollar-denominated	182,154	776	181,324	54		
Foreign currency-denominated	933		933			
Commingled funds	9,607,483	600,506	473	20,403	8,921,290	$64,811
Investment derivatives	13,331	13,331				
Real estate	159,637		709	50,075	108,853	
Other investments	202,722	6,519		2,010	191,046	3,147
Custodial investment funds	(544,168)					(544,168)
Total investments	**$10,213,427**	**$781,007**	**$603,425**	**$84,006**	**$9,221,199**	**($476,210)**
Securities lending investments of cash collateral	**$41,974**		**$42,004**			**($30)**
Beneficial interests included in other noncurrent assets	**$72,758**			**$72,758**		

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM					
	TOTAL	QUOTED PRICES IN ACTIVE MARKETS (Level 1)	OTHER OBSERVABLE INPUTS (Level 2)	UNOBSERVABLE INPUTS (Level 3)	NET ASSET VALUE (NAV)	NOT LEVELED
Equity securities	$45,165,805	$45,165,751		$54		
Fixed- or variable-income securities:						
U.S. government-guaranteed	8,704,157		$8,704,157			
Other U.S. dollar-denominated	13,159,984		13,159,984			
Foreign currency-denominated	599		599			
Commingled funds	26,376,444	4,555,289		615,629	$21,834,187	($628,661)
Investment derivatives	582	1,556	(974)			
Publicly traded real estate investment trusts	1,729,028	1,728,655			373	
Real estate	2,141,683				2,141,683	
Total investments	**$97,278,282**	**$51,451,251**	**$21,863,766**	**$615,683**	**$23,976,243**	**($628,661)**
Securities lending investments of cash collateral	**$7,588,680**		**$7,594,161**			**($5,481)**

The following table presents significant terms of certain investments at June 30, 2021:

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA			
INVESTMENT TYPE	**FAIR VALUE**	**UNFUNDED COMMITMENTS**	**REMAINING LIFE (YEARS)**	**REDEMPTION TERMS AND RESTRICTIONS**
Absolute return	$2,454,638	$160,067	0 to 5	Not eligible for redemption and lock-up provisions ranging from 0 to 3 years. For securities not eligible for redemptions the underlying assets are estimated to be liquidated within 3 to 5 years. For securities eligible for redemptions, after initial lock-up expires, redemptions are available on a rolling basis and require 30 to 365 days' prior notification.
Private equity	4,547,608	1,455,049	0 to 15	Not eligible for redemption.
Private credit	350,807	82,387	0 to 10	Not eligible for redemption and lock-up provisions ranging from 0 to 10 years. For securities not eligible for redemptions the underlying assets are estimated to be liquidated within 3 to 7 years. For securities eligible for redemptions, after initial lock-up expires, redemptions are available on a rolling basis and require 30 to 365 days prior notification before winding down.
Real assets	605,065	318,325	0 to 15	Not eligible for redemption.
Real estate and real estate investment trusts	926,191	339,130	0 to 10	Closed-end funds are not eligible for redemption. For open-end funds, redemptions are generally on a quarterly basis where the redemption date is the last day of each quarter. Payments of withdrawal requests are generally made within four quarters.
U.S. equity funds	2,858			Redemptions generally require at least 0 to 90 days written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within 0 to 120 days.
Non-U.S. equity funds	2,745,222			Redemptions require at least 7 to 180 days prior written notice of intention to terminate as of a date determined by the legal agreement between the investment manager and The Regents of the University of California. Withdrawals will occur on the last business day of the month and are subject to certain withdrawal guidelines.
Balanced funds	337,111			Redemptions require at least 12 months prior written notice of intention to terminate as of a date specified in the notice. Withdrawals will occur on the last business day of the month and are subject to certain withdrawal guidelines.

(in thousands of dollars)	CAMPUS FOUNDATIONS			
INVESTMENT TYPE	**FAIR VALUE**	**UNFUNDED COMMITMENTS**	**REMAINING LIFE (YEARS)**	**REDEMPTION TERMS AND RESTRICTIONS**
Absolute return	$3,577,253	$102,750	0 to 1	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock-up expires, redemptions are available and require 30 to 180 days' prior notification.
Private equity	2,153,219	1,191,009	0 to 15	Generally, lock-up provisions ranging from 0 to 16 years. After initial lock-up expires, redemptions are available and require 30 to 180 days' prior notification.
Real assets	108,715	34,126	0 to 12	Not eligible for redemption.
Real estate and real estate investment trusts	392,952	292,538	0 to 12	Not eligible for redemption.
U.S. equity and non-U.S. equity funds	2,970,260	18,331	0 to 15	Generally, lock-up provisions ranging from 0 to 4 years. After initial lock-up expires, redemptions are available and require 0 to 365 days' prior notification.

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT SYSTEM			
INVESTMENT TYPE	**FAIR VALUE**	**UNFUNDED COMMITMENTS**	**REMAINING LIFE (YEARS)**	**REDEMPTION TERMS AND RESTRICTIONS**
Absolute return	$4,695,036	$440,193	0 to 10	Not eligible for redemption and lock-up provisions ranging from 0 to 3 years. For securities not eligible for redemptions the underlying assets are estimated to be liquidated within 3 to 5 years. For securities eligible for redemptions, after initial lock-up expires, redemptions are available on a rolling basis and require 30 to 365 days' prior notification.
Private equity	7,337,326	3,734,961	0 to 15	Not eligible for redemption.
Private credit	741,901	138,672	0 to 10	Not eligible for redemption and lock-up provisions ranging from 0 to 10 years. For securities not eligible for redemptions the underlying assets are estimated to be liquidated within 3 to 7 years. For securities eligible for redemptions, after initial lock-up expires, redemptions are available on a rolling basis and require 30 to 365 days prior notification before winding down.
Real assets	3,235,720	1,824,690	0 to 15	Not eligible for redemption.
U.S. equity funds	2,974,267			Redemptions generally require at least 0 to 90 days written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within 0 to 120 days.
Non-U.S. equity funds	8,042,236			Redemptions require at least 7 to 180 days prior written notice of intention to terminate as of a date determined by the legal agreement between the investment manager and The Regents of the University of California. Withdrawals will occur on the last business day of the month and are subject to certain withdrawal guidelines.
Real estate and real estate investment trusts	4,404,296	569,117	0 to 10	Closed-end funds are not eligible for redemption. For open-end funds, redemptions are generally on a quarterly basis where the redemption date is the last day of each quarter. Payments of withdrawal requests are generally made within four quarters.

6. INVESTMENTS HELD BY TRUSTEES

The University has entered into agreements with trustees to maintain trusts for the University's long-term debt requirements, capital projects and certain other requirements.

Long-Term Debt

Investments held by trustees for future payment of principal and interest in accordance with various indenture and other long-term debt requirements each totaled $16.2 million at June 30, 2021 and 2020. Securities held by trustees are held in the name of the University and these trust agreements permit trustees to invest in U.S. and state government or agency obligations, commercial paper or other corporate obligations meeting certain credit rating requirements.

Capital Projects

Proceeds from the sale of bonds for the design and construction of third-party blended component unit housing facilities are held by trustees. The fair value of these investments was $563.7 million and $650.3 million at June 30, 2021 and 2020, respectively. Substantially all of these investments are of a highly liquid, short-term nature.

7. ACCOUNTS RECEIVABLE

Accounts receivable and the allowance for uncollectible accounts are as follows:

	UNIVERSITY OF CALIFORNIA							UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS
(in thousands of dollars)	STATE AND FEDERAL GOVERNMENT	MEDICAL CENTERS	INVESTMENT SALES	PRIVATE GRANTS AND CONTRACTS	MEDICAL PROFESSIONAL FEES	OTHER	TOTAL	
At June 30, 2021								
Accounts receivable	$1,107,648	$2,925,768	$79,677	$575,754	$571,370	$811,532	$6,071,749	$49,288
Allowance for uncollectible accounts	(8,078)	(394,059)		(22,430)	(140,496)	(41,802)	(606,865)	
Accounts receivable, net	**$1,099,570**	**$2,531,709**	**$79,677**	**$553,324**	**$430,874**	**$769,730**	**$5,464,884**	**$49,288**
At June 30, 2020								
Accounts receivable	$905,086	$2,480,890	$702,971	$565,511	$536,374	$848,440	$6,039,272	$102,426
Allowance for uncollectible accounts	(8,304)	(309,776)		(23,105)	(166,875)	(39,575)	(547,635)	
Accounts receivable, net	**$896,782**	**$2,171,114**	**$702,971**	**$542,406**	**$369,499**	**$808,865**	**$5,491,637**	**$102,426**

The University's other accounts receivable are primarily related to investment income, tuition and fees, auxiliary enterprises, insurance rebates and legal settlements.

The campus foundations' accounts receivable are primarily related to investment income.

Uncollectible accounts have decreased the following revenues for the years ended June 30:

UNIVERSITY OF CALIFORNIA		
(In thousands of dollars)	**2021**	**2020**
Student tuition and fees	($1,985)	($1,662)
Grants and contracts:		
Federal	63	(483)
State	(1,443)	(486)
Private	(4,559)	323
Local	(17)	7
Medical centers	(244,864)	(240,808)
Educational activities	(18,015)	(14,605)
Auxiliary enterprises	(1,199)	(877)
Other operating revenues	(4,693)	(4,157)
Expense for uncollectible accounts	**($276,712)**	**($262,748)**

8. PLEDGES RECEIVABLE

The composition of pledges receivable at June 30 is summarized as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS	
(in thousands of dollars)	**2021**	**2020**	**2021**	**2020**
Total pledges receivable outstanding	$136,499	$91,073	$1,118,728	$1,037,225
Unamortized discount to present value	(769)	(1,621)	(121,123)	(131,117)
Allowance for uncollectible pledges	(9,414)	(14,493)	(69,736)	(63,941)
Total pledges receivable, net	**126,316**	**74,959**	**927,869**	**842,167**
Current portion of pledges receivable	(82,318)	(29,581)	(194,543)	(194,541)
Noncurrent portion of pledges receivable	**$43,998**	**$45,378**	**$733,326**	**$647,626**

Future receipts under pledge agreements for each of the five fiscal years subsequent to June 30, 2021 and thereafter are as follows:

(in thousands of dollars)	UNIVERSITY OF CALIFORNIA	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS
Year Ending June 30		
2022	$90,314	$228,443
2023	24,355	195,708
2024	12,129	114,923
2025	6,198	97,886
2026	3,049	88,431
2027-2031	204	142,399
Beyond 2031	250	250,938
Total payments on pledges receivable	**$136,499**	**$1,118,728**

Adjustments to the allowance for uncollectible pledges for the University have increased the following revenues for the years ended June 30, 2021 and 2020:

(in thousands of dollars)	2021	2020
Private gifts	$3,340	$2,164

9. NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable at June 30, 2021 and 2020 along with the allowance for uncollectible amounts, are as follows:

	UNIVERSITY OF CALIFORNIA				UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS		
		NONCURRENT					
(in thousands of dollars)	CURRENT	NOTES	MORTGAGES	TOTAL	CURRENT	NONCURRENT	TOTAL
At June 30, 2021							
Notes and mortgages receivable	$65,829	$346,222	$23,840	$370,062		$250	$250
Allowance for uncollectible amounts	(4,243)	(12,029)	(169)	(12,198)			
Notes and mortgages receivable, net	**$61,586**	**$334,193**	**$23,671**	**$357,864**		**$250**	**$250**
At June 30, 2020							
Notes and mortgages receivable	$71,687	$347,844	$27,410	$375,254		$250	$250
Allowance for uncollectible amounts	(7,832)	(17,663)	(144)	(17,807)			
Notes and mortgages receivable, net	**$63,855**	**$330,181**	**$27,266**	**$357,447**		**$250**	**$250**

10. DOE NATIONAL LABORATORY CONTRACTS

Los Alamos National Laboratory

The University is a member of Triad with two other organizations. Triad manages the operations of LANL under a contract with the DOE. For the years ended June 30, 2021 and 2020, the University recorded $12.0 million and $9.0 million, respectively, as its equity in the current earnings of Triad and received $11.9 million and $8.3 million, respectively, in cash distributions.

Lawrence Livermore National Laboratory

LLNS manages and operates the DOE's LLNL. LLNS' current earnings or losses are dependent on the percentage of base and incentive fees earned under the terms of the contract, offset by any unallowable or disallowed costs. For the years ended June 30, 2021 and 2020, the University recorded $20.3 million and $17.4 million, respectively, as its equity in the current earnings of LLNS and received $19.4 million and $16.8 million, respectively, in cash distributions.

11. CAPITAL ASSETS

The University's capital asset activity for the years ended June 30 is as follows:

(in thousands of dollars)	2019	ADDITIONS	DISPOSALS	2020	ADDITIONS	DISPOSALS	2021
ORIGINAL COST							
Land	$1,282,588	$91,192	($2,798)	$1,370,982	$109,338	($2,878)	$1,477,442
Infrastructure	850,103	71,594		921,697	18,845	(42)	940,500
Buildings and improvements	41,442,082	3,671,575	(43,498)	45,070,159	2,319,736	(46,883)	47,343,012
Equipment, software and intangibles	9,023,126	781,779	(438,375)	9,366,530	588,387	(322,699)	9,632,218
Libraries and collections	4,398,060	163,308	(86,873)	4,474,495	182,914	(19,977)	4,637,432
Special collections	545,264	70,788	(12,394)	603,658	24,834	(22,853)	605,639
Construction in progress	4,194,338	(258,919)		3,935,419	568,942		4,504,361
Capital assets, at original cost	**$61,735,561**	**$4,591,317**	**($583,938)**	**$65,742,940**	**$3,812,996**	**($415,332)**	**$69,140,604**

	2019	DEPRECIATION AND AMORTIZATION	DISPOSALS	2020	DEPRECIATION AND AMORTIZATION	DISPOSALS	2021
ACCUMULATED DEPRECIATION AND AMORTIZATION							
Infrastructure	$418,511	$29,395		$447,906	$33,494		$481,400
Buildings and improvements	17,738,644	1,318,966	($20,630)	19,036,980	1,446,163	($28,737)	20,454,406
Equipment, software and intangibles	6,055,655	697,459	(390,285)	6,362,829	698,765	(315,521)	6,746,073
Libraries and collections	3,293,278	138,611	(79,836)	3,352,053	141,642	(31,449)	3,462,246
Accumulated depreciation and amortization	**27,506,088**	**$2,184,431**	**($490,751)**	**29,199,768**	**$2,320,064**	**($375,707)**	**31,144,125**
Capital assets, net	**$34,229,473**			**$36,543,172**			**$37,996,479**

Service concession arrangements, reported as buildings and improvements, are $279.1 million of original cost and $41.3 million of accumulated depreciation at June 30, 2021. Service concession arrangements, reported as buildings and improvements, are $279.1 million of original cost and $35.8 million of accumulated depreciation at June 30, 2020.

12. SELF-INSURANCE, OBLIGATIONS UNDER LIFE INCOME AGREEMENTS AND OTHER LIABILITIES

The University's self-insurance, obligations under life income agreements and other liabilities at June 30, 2021 and 2020 are as follows:

	UNIVERSITY OF CALIFORNIA				UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS			
	2021		2020		2021		2020	
(in thousands of dollars)	CURRENT	NONCURRENT	CURRENT	NONCURRENT	CURRENT	NONCURRENT	CURRENT	NONCURRENT
Self-insurance programs	$869,683	**$983,114**	$419,994	**$778,778**				
Obligations under life income agreements	1,498	**$37,331**	1,765	**$37,606**	$19,457	**$159,425**	$18,147	**$146,119**
Other liabilities:								
Compensated absences	881,823	$516,126	722,451	$498,475				
Accrued interest	171,529		143,199					
Fair value of interest rate swaps		154,182		259,945				
Third-party payor settlements	924,564		554,938					
Short-term advances	806,441		920,254					
Deposits	240,140		204,084					
Other	131,764	351,315	105,009	286,118	58,116	22,779	91,677	26,539
Total	**$4,027,442**	**$1,021,623**	**$3,071,694**	**$1,044,538**	**$77,573**	**$22,779**	**$109,824**	**$26,539**

To minimize the impact of disruptions in claims processing as a result of COVID-19, the Centers for Medicare & Medicaid Services (CMS) modified an advanced payment program for health care providers as part of the CARES Act. The medical centers applied for and received advanced payments from this program. The medical centers have the option to repay the funds at any time or the advance payments can be recovered from processing Medicare claims during the 29-month repayment period, which began during the 2021 fiscal year. To the extent the advances are not recovered during the repayment period, as defined by CMS, the advances are due on demand. The advances are interest-free during the repayment period; however, if the medical centers have unpaid balances at the end of the repayment period, interest will be charged at 4 percent.

Self-Insurance Programs

Self-insured liabilities changed as follows for the years ended June 30:

(in thousands of dollars)	MEDICAL MALPRACTICE	WORKERS' COMPENSATION	EMPLOYEE & STUDENT HEALTH CARE	GENERAL LIABILITY AND OTHER	TOTAL
Year Ended June 30, 2021					
Liabilities at June 30, 2020	$216,539	$477,492	$148,630	$356,111	$1,198,772
Claims incurred and changes in estimates	53,347	258,019	1,721,326	465,090	2,497,782
Claim payments	(36,083)	(71,876)	(1,691,508)	(44,290)	(1,843,757)
Liabilities at June 30, 2021	**$233,803**	**$663,635**	**$178,448**	**$776,911**	**$1,852,797**
Discount rate	**3.0%**	**3.0%**	**Undiscounted**	**3.0%**	
Year Ended June 30, 2020					
Liabilities at June 30, 2019	$222,628	$464,664	$155,031	$261,974	$1,104,297
Claims incurred and changes in estimates	44,865	89,480	1,474,810	153,235	1,762,390
Claim payments	(50,954)	(76,652)	(1,481,211)	(59,098)	(1,667,915)
Liabilities at June 30, 2020	**$216,539**	**$477,492**	**$148,630**	**$356,111**	**$1,198,772**
Discount rate	**3.0%**	**3.0%**	**Undiscounted**	**3.0%**	
Year Ended June 30, 2019					
Liabilities at June 30, 2018	$215,307	$455,963	$114,800	$190,750	$976,820
Claims incurred and changes in estimates	52,574	89,647	1,219,818	117,048	1,479,087
Claim payments	(45,253)	(80,946)	(1,179,587)	(45,824)	(1,351,610)
Liabilities at June 30, 2019	**$222,628**	**$464,664**	**$155,031**	**$261,974**	**$1,104,297**
Discount rate	**3.0%**	**3.0%**	**Undiscounted**	**3.0%**	

Obligations Under Life Income Agreements

Changes in current and noncurrent obligations under life income agreements for the years ended June 30 are as follows:

	UNIVERSITY OF CALIFORNIA		UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS	
(in thousands of dollars)	ANNUITIES	LIFE BENEFICIARIES	ANNUITIES	LIFE BENEFICIARIES
Year Ended June 30, 2021				
Balance at June 30, 2020	$19,474	$19,897	$69,385	$94,881
New obligations to beneficiaries and changes in liability, net	146	3,670	2,560	29,841
Payments to beneficiaries	(2,453)	(1,905)	(7,065)	(10,720)
Obligations under life income agreements at June 30, 2021	**17,167**	**21,662**	**64,880**	**114,002**
Less: Current portion	(306)	(1,192)	(7,179)	(12,278)
Noncurrent portion at June 30, 2021	**$16,861**	**$20,470**	**$57,701**	**$101,724**
Year Ended June 30, 2020				
Balance at June 30, 2019	$17,652	$18,967	$66,226	$101,897
New obligations to beneficiaries and changes in liability, net	4,247	2,136	10,129	2,842
Payments to beneficiaries	(2,425)	(1,206)	(6,970)	(9,858)
Obligations under life income agreements at June 30, 2020	**19,474**	**19,897**	**69,385**	**94,881**
Less: Current portion	(1,147)	(618)	(7,706)	(10,441)
Noncurrent portion at June 30, 2020	**$18,327**	**$19,279**	**$61,679**	**$84,440**

13. DEBT

The University directly finances the construction, renovation and acquisition of facilities and equipment, or for such other purposes as are authorized by The Regents through the issuance of debt obligations or indirectly through structures that involve legally separate entities reported as blended component units. Commercial paper and bank loans provide interim financing. Long-term financing includes revenue bonds, financing obligations and other borrowings.

The University's outstanding debt at June 30 is as follows:

(in thousands of dollars)	WEIGHTED AVERAGE INTEREST RATE	INTEREST RATE RANGE	MATURITY YEARS	2021	2020
INTERIM FINANCING:					
Commercial paper		0 - 0.2%	2021 - 2022	$370,000	$1,327,000
LONG-TERM FINANCING:					
University of California General Revenue Bonds:					
Fixed rate	4.5%	0.2 - 7.6%	2022 - 2115	14,205,356	11,071,095
Variable rate	0.02%	0.02 - 0.07%	2037 - 2048	750,000	750,000
University of California Limited Project Revenue Bonds	4.5%	0.3 - 6.3%	2022 - 2058	5,805,920	4,824,835
University of California Medical Center Pooled Revenue Bonds:					
Fixed rate	4.10%	1.9 - 6.6%	2022 - 2120	4,156,970	4,215,285
Variable rate	0.02%	0.01 - 0.02%	2022 - 2047	233,410	237,270
Unamortized bond premium				1,459,577	1,206,141
University of California revenue bonds	**4.2%**			**26,611,233**	**22,304,626**
Financing obligations		0 - 11.8%	2021 - 2042	145,654	186,427
Other University borrowings		Various	2021 - 2055	889,472	913,410
Blended component unit revenue bonds, net	4.8%	3 - 6.5%	2022 - 2054	2,207,717	1,921,285
Total outstanding debt				**30,224,076**	**26,652,748**
Less: Commercial paper				(370,000)	(1,327,000)
Current portion of outstanding debt				(1,840,330)	(1,996,183)
Noncurrent portion of outstanding debt				**$28,013,746**	**$23,329,565**

The activity with respect to the University's current and noncurrent debt, including the revenue bonds associated with blended component units, for the years ended June 30 is as follows:

(in thousands of dollars)	UNIVERSITY REVENUE BONDS	FINANCING OBLIGATIONS	OTHER UNIVERSITY BORROWINGS	BLENDED COMPONENT UNIT REVENUE BONDS	TOTAL
Year Ended June 30, 2021					
Long-term debt and financing obligations at June 30, 2020	$22,304,626	$186,427	$913,410	$1,921,285	$25,325,748
New obligations	5,161,080	7,224	19,961	277,425	5,465,690
Bond premium, net	350,338			37,251	387,589
Refinancing or prepayment of outstanding debt	(439,120)		(42)		(439,162)
Scheduled principal payments	(668,790)	(47,997)	(43,857)	(20,315)	(780,959)
Amortization of bond premium	(96,901)			(7,929)	(104,830)
Long-term debt and financing obligations at June 30, 2021	**26,611,233**	**145,654**	**889,472**	**2,207,717**	**29,854,076**
Less: Current portion	(1,587,228)	(23,788)	(194,697)	(34,617)	(1,840,330)
Noncurrent portion at June 30, 2021	**$25,024,005**	**$121,866**	**$694,775**	**$2,173,100**	**$28,013,746**
Year Ended June 30, 2020					
Long-term debt and financing obligations at June 30, 2019	$21,286,634	$188,140	$801,046	$1,733,839	$24,009,659
New obligations	1,949,210	47,978	206,587	175,065	2,378,840
Bond premium, net				35,231	35,231
Refinancing or prepayment of outstanding debt	(149,025)		(68,953)		(217,978)
Scheduled principal payments	(690,780)	(49,691)	(25,270)	(11,840)	(777,581)
Amortization of bond premium	(91,413)			(11,010)	(102,423)
Long-term debt and financing obligations at June 30, 2020	**22,304,626**	**186,427**	**913,410**	**1,921,285**	**25,325,748**
Less: Current portion	(1,726,406)	(44,058)	(194,263)	(31,456)	(1,996,183)
Noncurrent portion at June 30, 2020	**$20,578,220**	**$142,369**	**$719,147**	**$1,889,829**	**$23,329,565**

Commercial Paper

The University has available a $2.0 billion commercial paper program, issued in two series, with tax-exempt and taxable components. Commercial paper may be issued for interim financing for capital projects, interim financing of equipment, financing of working capital for the medical centers, standby or interim financing for gift financed projects and working capital for the University.

The program's liquidity is primarily supported by available investments in STIP and TRIP. Commercial paper is collateralized by a pledge of the revenues derived from the ownership or operation of the projects financed and constitutes limited obligations of the University. There is no encumbrance, mortgage or other pledge of property securing commercial paper and the paper does not constitute general obligations of the University.

Commercial paper outstanding, including interest rates, at June 30 is as follows:

	2021		2020	
(in thousands of dollars)	INTEREST RATES	OUTSTANDING	INTEREST RATES	OUTSTANDING
Tax-exempt	0.08 - 0.11%	$25,530	0.08 - 1.15%	$976,630
Taxable	0.04 - 0.16%	344,470	0.15 - 1.72%	350,370
Total outstanding		**$370,000**		**$1,327,000**

The expectation is that the University will continue to utilize available investments for liquidity support of the commercial paper program. Alternatively, the University may utilize lines of credit from external banks for the purpose of providing additional liquidity support for the commercial paper program. As of June 30, 2021, the University has two revolving credit agreements totaling $700.0 million. There were no borrowings against the revolving credit lines as of June 30, 2021.

University of California Revenue Bonds

Revenue bonds have financed various auxiliary, administrative, academic, medical center and research facilities of the University. The bonds generally have annual principal and semiannual or monthly interest payments, serial and term maturities, contain sinking fund requirements and may have optional redemption provisions. Revenue bonds are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues, and do not constitute general obligations of The Regents. Revenue Bond Indentures require the University to use the facilities in a way which will not cause the interest on the tax-exempt bonds to be included in the gross income of the bondholders for federal tax purposes. The Indentures permit the University to issue additional bonds as long as certain conditions are met.

General Revenue Bonds are collateralized solely by General Revenues as defined in the General Revenue Bond Indenture. General Revenues are certain operating and nonoperating revenues of the University consisting of gross student tuition and fees; a portion of state appropriations; facilities and administrative cost recovery from contracts and grants; revenues from educational, auxiliary and other activities; and other revenues, including unrestricted investment income. The General Revenue Bond Indenture requires the University to set rates, charges and fees each year sufficient for General Revenues to pay for the annual principal and interest on the bonds and certain other covenants. The pledge of General Revenues for interest rate swap agreements is on a parity basis with the University's General Revenue Bonds. General Revenues for the years ended June 30, 2021 and 2020 were $16.8 billion and $18.1 billion, respectively.

Limited Project Revenue Bonds are issued to finance auxiliary enterprises and are collateralized by a pledge consisting of the sum of the gross revenues of specific projects. The Limited Project Revenue Bond Indenture requires the University to achieve the sum of revenues equal to 1.1 times debt service and to maintain certain other covenants. The pledge of revenues for Limited Project Revenue Bonds is subordinate to the pledge of revenues for General Revenue Bonds, but senior to pledges for commercial paper notes. Pledged revenues for the years ended June 30, 2021 and 2020 were $656.3 million and $1.3 billion, respectively.

Medical Center Pooled Revenue Bonds are issued to finance the University's medical center facilities and are collateralized by a joint and several pledges of the gross revenues of all five of the University's medical centers. Medical center gross revenues are excluded from General Revenues. The Medical Center Pooled Revenue Bond Indenture requires the medical centers to set rates, charges and fees each year sufficient for the Medical Centers' total operating and nonoperating revenues to pay for the annual principal and interest on the bonds and certain other covenants. The pledge of medical center revenues for interest rate swap agreements may be at parity with, or subordinate to, Medical Center Pooled Revenue Bonds. Pledged revenues of the medical centers for the years ended June 30, 2021 and 2020 were $15.8 billion and $14.4 billion, respectively.

2021 Activity

In March 2021, General Revenue Bonds totaling $1.4 billion, including $1.1 billion in taxable bonds, were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University. The taxable bonds mature at various dates through 2051 and have a stated weighted average interest rate of 2.8 percent. Proceeds of $475.0 million of the taxable bonds will be used for operations. Proceeds of the tax-exempt bonds and the remaining proceeds of the taxable bonds, including a bond premium of $58.8 million, were used to pay for project construction and issuance costs and to repay $590.2 million of outstanding General Revenue Bonds between 2021 and 2024. The tax-exempt bonds have a stated weighted average interest rate of 4.2 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of $42.9 million and economic gain of $34.6 million.

In March 2021, Limited Project Revenue Bonds totaling $1.1 billion, including $392.9 million in taxable bonds, were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University. The taxable bonds mature at various dates through 2051 and have a stated weighted average interest rate of 2.6 percent. Proceeds of the tax-exempt bonds and the remaining proceeds of the taxable bonds, including a bond premium of $124.2 million, were used to pay for project construction and issuance costs and to repay $23.7 million of outstanding Limited Project Revenue Bonds in 2021 and 2022. The tax-exempt bonds have a stated weighted average interest rate of 4 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

In March 2021, the University priced $411.7 million of tax-exempt Limited Project Revenue Bonds that are expected to be delivered in February 2022. Proceeds of the bonds, including a bond premium of $90.9 million, will be used to pay for issuance costs and to repay $495.5 million of outstanding Limited Project Revenue Bonds at the call date. The bonds will have a stated weighted average interest rate of 5.0 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds. While the University has entered into an agreement with underwriters for delivery of the bonds, no guarantee can be made that the bonds will be delivered and that the outstanding bonds will be repaid.

In July 2020, General Revenue Bonds totaling $2.6 billion, including $826.2 million in tax-exempt bonds and $1.8 billion in taxable bonds, were issued for working capital purposes and to finance and refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2050. Proceeds of $1.5 billion of the taxable bonds will be used for operations. Proceeds of the tax-exempt bonds and the remaining proceeds of the taxable bonds, including a bond premium of $190.3 million, were used to pay for project construction and issuance costs and to repay $45.7 million of outstanding General Revenue Bonds in August 2020. The tax-exempt bonds have a stated weighted average interest rate of 4.2 percent . The taxable bonds have a stated weighted average interest rate of 1.5 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

2020 Activity

In March 2020, Medical Center Pooled Revenue Bonds totaling $1.9 billion, including $1.8 billion in taxable bonds, were issued to finance the acquisition, construction, improvement and renovation of certain facilities at the University's medical centers. The taxable bonds mature at various dates through 2120 and have a stated weighted average interest rate of 3.4 percent. In addition, $149.2 million in variable bonds were issued to refund $149.0 million of Medical Center Pooled Revenue Bonds indexed to LIBOR.

Capital Leases

Capital leases entered into with other lessors, typically for equipment, totaled $7.2 million and $48.0 million for the years ended June 30, 2021 and 2020, respectively.

Other University Borrowings

Other University borrowings consist of contractual obligations resulting from the acquisition of land or buildings and the construction and renovation of certain facilities, along with the borrowing component associated with a hybrid derivative instrument.

The University may use uncollateralized revolving lines of credit with commercial banks for capital purposes and to provide interim financing for buildings and equipment. Lines of credit commitments for general corporate purposes, which expire on November 30, 2022, totaled $200.0 million at June 30, 2021 and $400.0 million at June 30, 2020. Outstanding borrowings under these bank lines totaled $150.0 million at June 30, 2021 and 2020.

Certain of the interest rate swaps are considered hybrid instruments. As such, the interest rate swaps are comprised of a derivative instrument and a companion instrument recorded as a borrowing. The unamortized amount of the borrowing was $76.7 million and $81.7 million at June 30, 2021 and 2020, respectively.

In August 2016, the University entered into an agreement with a developer to design, construct, finance, operate and maintain certain auxiliary, administrative, academic and research facilities of one of its campuses through 2055. Construction of all of the facilities was completed in the summer of 2020. Payments under this agreement have two components: the first component of the agreement is related to the operations and maintenance of the facilities; the second component is to service the private debt incurred by the developer. The payments for servicing the private debt are being treated as capital leases and are recorded as other borrowings by the University. The operations and maintenance component of the payments will be expensed as incurred. In the event that the operations and maintenance agreement with the developer is terminated, the outstanding portion of the private debt incurred by the developer would become an obligation of the University. The outstanding amount of the borrowing was $625.0 million and $652.0 million at June 30, 2021 and 2020, respectively.

Blended Component Unit Revenue Bonds

Student Housing

The University has entered into ground leases with legally separate nonprofit corporations that develop and own student housing projects and related amenities and improvements on three University campuses through the use of project limited liability corporations (LLC). Each LLC, through a conduit issuer, has outstanding Student Housing LLC Revenue Bonds to finance the construction of the student housing facilities. Each LLC manages the premises. The University's reversionary interest in the land is not subordinated. All costs associated with the ownership, operation and management of the improvements are the obligation of each LLC. Student rental rates are established in order to provide for operating expenses and maintain the required debt service coverage ratios. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. They are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues of the student housing projects, and do not constitute general obligations of The Regents.

In May 2021, one of the LLCs, through its conduit issuer, issued additional Student Housing LLC Revenue Bonds totaling $277.4 million. The bonds mature at various dates through 2054 and have a stated weighted average interest rate of 3.6 percent. Proceeds, including a bond premium of $40.7 million were used to pay for project construction and issuance costs. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

In July 2019, one of the LLCs, through its conduit issuer, issued additional Student Housing LLC Revenue Bonds totaling $175.1 million. The bonds mature at various dates through 2052 and have a stated weighted average interest rate of 5.0 percent. Proceeds, including a bond premium of $35.4 million, were used to pay for project construction and issuance costs. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

At June 30, 2021 and 2020, the LLCs, through a conduit issuer, have outstanding Student Housing LLC Revenue Bonds totaling $1.6 billion and $1.3 billion, respectively. The bonds mature at various dates through 2054 and have a weighted average interest rate of 4.6 percent.

Research Facilities

The University has a public/private partnership, for the purpose of developing, constructing and managing a neuroscience research and laboratory building and a psychiatry youth and family center with a legally separate, nonprofit corporation (the Corporation). In connection with these facilities, the University entered into ground leases with the Corporation. The Corporation has entered into a sub-ground lease with a developer to construct, own and manage the facilities. The University agreed to lease all of the space in the building from the developer. The University's base rent payments are equal to the principal and interest payments on the bonds are issued by a conduit issuer and loaned to the nonprofit corporation to finance the construction of the building. As security on the bonds, the developer has assigned all payments received from the University for the space lease to the bond trustee.

At June 30, 2021, the Corporation, through a conduit issuer, has outstanding tax-exempt revenue bonds totaling $184.8 million and taxable revenue bonds totaling $188.0 million. At June 30, 2020, the Corporation, through a conduit issuer, has outstanding tax-exempt revenue bonds totaling $190.7 million and taxable revenue bonds totaling $188.0 million. The tax-exempt revenue bonds mature at various dates from 2022 to 2052 and have a weighted average interest rate of 5.0 percent. The tax-exempt revenue bonds generally have annual serial maturities, semiannual interest payments and optional redemption provisions. The taxable bonds mature from 2026 to 2049 and have an interest rate of 6.5 percent. The taxable bonds were issued as Build America Bonds, under which the U.S. Treasury is expected to send the conduit issuer 35.0 percent of the semiannual interest cost on the taxable bonds, making the net interest rate 4.3 percent post-subsidy. The taxable bonds have a term maturity with various certain annual sinking fund requirements, semiannual interest payments and optional redemption provisions.

In addition, the University entered into a ground lease with another legally separate, nonprofit corporation (the Consortium). The Consortium entered into an agreement with a developer to develop and own a research laboratory facility designed to expand collaborative work in stem cell research and facilitate its translation into tools and techniques to diagnose and treat degenerative diseases and other ailments. The developer constructed the research laboratory facility. All costs associated with the ownership, operation and management of the laboratory research facility are the obligation of the Consortium. The University, along with the other collaborative research partners, will lease space in the building.

The Consortium, through a conduit issuer, has outstanding revenue bonds totaling $47.8 million and $49.3 million at June 30, 2021 and 2020, respectively. The bonds mature at various dates through 2040 and have a weighted average interest rate of 4.4 percent. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. Lease payments from the occupants of the building are pledged as collateral on the bonds. To the extent the lease payments are not sufficient to pay the debt service, the University is obligated to pay the shortfall.

Future Debt Service and Hedging Derivative Interest Rate Swaps

Future debt service payments for the University's fixed- and variable-rate debt for each of the five fiscal years subsequent to June 30, 2021, and thereafter are as presented below. Although not a prediction by the University of the future interest cost of the variable-rate bonds, these amounts assume that current interest rates on variable-rate bonds will not change. As these rates vary, variable-rate bond interest payments will vary.

(in thousands of dollars)	COMMERCIAL PAPER	MEDICAL CENTER REVENUE BONDS	UNIVERSITY REVENUE BONDS	FINANCING OBLIGATIONS	OTHER UNIVERSITY BORROWINGS	BLENDED COMPONENT UNIT REVENUE BONDS	TOTAL PAYMENTS	PRINCIPAL	INTEREST
Year Ending June 30									
2022	$370,088	$258,706	$1,291,247	$29,538	$172,217	$115,951	$2,237,747	$1,092,234	$1,145,513
2023		258,081	1,296,183	24,973	23,980	128,187	1,731,404	614,386	1,117,018
2024		252,558	1,323,971	17,151	22,631	129,336	1,745,647	650,354	1,095,295
2025		251,897	1,731,987	12,744	22,274	134,939	2,153,841	1,082,410	1,071,431
2026		250,178	1,795,481	9,510	22,468	135,951	2,213,588	1,179,792	1,033,796
2027-2031		1,193,257	7,897,247	39,435	111,324	687,322	9,928,585	5,303,592	4,624,988
2032-2036		1,162,356	5,859,405	33,683	108,835	685,177	7,849,456	4,180,769	3,668,684
2037-2041		1,227,083	5,018,467	39,525	122,179	623,167	7,030,421	4,393,230	2,637,191
2042-2046		1,196,572	3,678,102	5,544	105,908	520,564	5,506,690	3,860,360	1,646,332
2047-2051		1,202,153	2,485,827		98,028	479,906	4,265,914	3,321,129	944,785
2052-2056		193,970	506,995		94,874	90,117	885,956	328,930	557,028
2057-2120		1,972,256	5,152,388				7,124,644	2,553,111	4,571,535
Total future debt service	**370,088**	**9,419,067**	**38,037,300**	**212,103**	**904,718**	**3,730,617**	**52,673,893**	**$28,560,297**	**$24,113,596**
Less: Interest component of future payments	(88)	(5,028,688)	(17,276,025)	(66,446)	(15,246)	(1,727,103)	(24,113,596)		
Principal portion of future payments	**370,000**	**4,390,379**	**20,761,275**	**145,657**	**889,472**	**2,003,514**	**28,560,297**		
Adjusted by:									
Unamortized bond premium		146,481	1,313,096			204,202	1,663,779		
Total debt	**$370,000**	**$4,536,860**	**$22,074,371**	**$145,657**	**$889,472**	**$2,207,716**	**$30,224,076**		

Long-term debt does not include $1.0 billion of defeased liabilities at June 30, 2021. Investments that have maturities and interest rates sufficient to fund retirement of these liabilities are being held in irrevocable trusts for the debt service payments. Neither the assets of the trusts nor the outstanding obligations are included in the University's statement of net position.

General Revenue Bonds of $750.0 million are variable-rate demand bonds which primarily reset daily and, in the event of a failed remarketing, can be put back to The Regents for tender. The University has classified these bonds as current liabilities as of June 30, 2021.

Medical Center Pooled Revenue Bonds of $233.4 million are variable-rate demand bonds which give the debt holders the ability to tender the bonds back to the University upon demand. The University has classified these bonds as current liabilities as of June 30, 2021.

For the University's cash flow hedges, future debt service payments for the University's variable-rate debt and net receipts or payments on the associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2021, and thereafter are as presented below. Although not a prediction by the University of the future interest cost of the variable-rate bonds or the impact of the interest rate swaps, using rates as of June 30, 2021, combined debt service requirements of the variable-rate debt and net swap payments are as follows:

	VARIABLE-RATE BONDS		INTEREST RATE SWAP, NET	TOTAL PAYMENTS
(in thousands of dollars)	PRINCIPAL	INTEREST		
Year Ending June 30				
2022	$3,995	$130	$18,661	$22,786
2023	7,510	133	18,535	26,178
2024	7,815	132	18,935	26,882
2025	8,125	129	19,003	27,257
2026	8,455	128	18,733	27,316
2027-2031	47,745	613	89,262	137,620
2032-2036	33,325	569	81,775	115,669
2037-2041	42,815	536	52,338	95,689
2042-2046	403,200	432	8,200	411,832
2047-2048	270,425	57	544	271,026
Total	**$833,410**	**$2,859**	**$325,986**	**$1,162,255**

14. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The University's composition of deferred outflows and inflows of resources at June 30 are summarized as follows:

(in thousands of dollars)	SERVICE CONCESSION ARRANGEMENTS	NET PENSION LIABILITY	NET RETIREE HEALTH BENEFITS LIABILITY	DEBT REFUNDING	INTEREST RATE SWAP AGREEMENTS	ROYALTY SALES	IRREVOCABLE SPLIT-INTEREST AGREEMENTS	ASSET RETIREMENT OBLIGATIONS	ACQUISITIONS	TOTAL
At June 30, 2021										
Deferred outflows of resources		$3,302,286	$5,952,043	$271,008	$154,182			$73,141	$4,538	$9,757,198
Deferred inflows of resources	$237,787	11,182,115	5,588,744	7,007		$338,549	$80,048			17,434,250
At June 30, 2020										
Deferred outflows of resources		$6,969,977	$7,012,719	$285,541	$259,944			$87,599	$6,354	$14,622,134
Deferred inflows of resources	$243,271	239,553	6,282,427	1,292		$390,111	$94,721			7,251,375

The campus foundations' deferred inflows of resources are primarily related to irrevocable split-interest agreements.

15. UNIVERSITY OF CALIFORNIA RETIREMENT PLANS

Most University employees participate in UCRS. UCRS consists of UCRP, a governmental defined benefit plan funded with University and employee contributions; UCRSP, which includes defined contribution plans with options to participate in internally or externally managed investment portfolios generally funded with employee nonelective and elective contributions; and UC-VERIP, a defined benefit plan for University employees who were members of the California Public Employees' Retirement System (CalPERS) who elected early retirement. Other retirement plans include the Children's Hospital and Research Center at Oakland (CHRCO) Pension Plan, a defined benefit plan fully funded with CHRCO contributions and the Orange County Employees' Retirement System (OCERS) retirement plan, a cost-sharing multiemployer defined benefit pension plan for former employees of an Orange County hospital center who chose to remain with OCERS at the time the hospital was acquired by the University. The Regents has the authority to establish and amend UCRS, and administration authority with respect to the UCRS plans is vested with the President of the University as plan administrator. CHRCO administers the CHRCO Pension Plan as the Sponsor and plan assets are held by US Bank (the Trustee).

Condensed financial information related to each plan in UCRS and the changes in pension liability for UCRP, UC-VERIP and the CHRCO Pension Plan for the year ended June 30, 2021 is as follows:

	UNIVERSITY OF CALIFORNIA					
(in thousands of dollars)	UNIVERSITY OF CALIFORNIA RETIREMENT PLAN	UNIVERSITY OF CALIFORNIA UC-VERIP	SUBTOTAL	UNIVERSITY OF CALIFORNIA RETIREMENT SAVINGS PROGRAM	TOTAL	CHILDREN'S HOSPITAL & RESEARCH CENTER AT OAKLAND PENSION PLAN
CONDENSED STATEMENT OF PLAN FIDUCIARY NET POSITION						
Investments at fair value	$92,026,542	$78,655	$92,105,197	$32,471,296	$124,576,493	$621,785
Participants' interests in mutual funds				2,406,949	2,406,949	
Investment of cash collateral	5,465,765	4,551	5,470,316	3,898,876	9,369,192	
Other assets	600,024	72	600,096	236,426	836,522	
Total assets	**98,092,331**	**83,278**	**98,175,609**	**39,013,547**	**137,189,156**	**621,785**
Collateral held for securities lending	5,465,765	4,551	5,470,316	3,898,876	9,369,192	
Other liabilities	876,768	2,523	879,291	366,773	1,246,064	
Total liabilities	**6,342,533**	**7,074**	**6,349,607**	**4,265,649**	**10,615,256**	
Net position held in trust	**$91,749,798**	**$76,204**	**$91,826,002**	**$34,747,898**	**$126,573,900**	**$621,785**
CONDENSED STATEMENT OF CHANGES IN PLANS' FIDUCIARY NET POSITION						
Contributions	$3,758,997		$3,758,997	$1,856,854	$5,615,851	$31,752
Net appreciation in fair value of investments	18,987,863	$16,092	19,003,955	6,734,363	25,738,318	
Investment and other income, net	2,451,433	2,185	2,453,618	569,647	3,023,265	111,835
Total additions	**25,198,293**	**18,277**	**25,216,570**	**9,160,864**	**34,377,434**	**143,587**
Benefit payment and participant withdrawals	4,299,910	3,750	4,303,660	1,675,914	5,979,574	19,684
Other deductions	64,826	4	64,830	4,066	68,896	3,600
Total deductions	**4,364,736**	**3,754**	**4,368,490**	**1,679,980**	**6,048,470**	**23,284**
Change in net position held in trust	**20,833,557**	**14,523**	**20,848,080**	**7,480,884**	**28,328,964**	**120,303**
Net position held in trust						
Beginning of year	70,916,241	61,681	70,977,922	27,267,014	98,244,936	501,482
End of year	**$91,749,798**	**$76,204**	**$91,826,002**	**$34,747,898**	**$126,573,900**	**$621,785**
CHANGES IN TOTAL PENSION LIABILITY						
Service cost	$2,564,134		$2,564,134			$14,873
Interest	6,311,412	$1,513	6,312,925			38,932
Difference between expected and actual experience	462,839	179	463,018			18,527
Changes of assumptions or other inputs						(2,413)
Benefits paid, including refunds of employee contributions	(4,299,910)	(3,750)	(4,303,660)			(19,684)
Net change in total pension liability	**5,038,475**	**(2,058)**	**5,036,417**			**50,235**
Total pension liability						
Beginning of year	92,625,385	24,117	92,649,502			593,916
End of year	**97,663,860**	**22,059**	**97,685,919**			**644,151**
Net pension liability (asset), end of year	**$5,914,062**	**($54,145)**	**$5,859,917**			**$22,366**

Additional information on the retirement plans can be obtained from the 2020-2021 annual reports of the University of California Retirement System which can be found at http://reportingtransparency.universityofcalifornia.edu/.

University of California Retirement Plan

UCRP provides lifetime retirement income, disability protection, death benefits and postretirement and preretirement survivor benefits to eligible employees of the University, and its affiliates. Prior to July 1, 2016, membership in UCRP was required for all employees appointed to work at least 50 percent time for one year or more or for an indefinite period or for a definite period of a year or more. Effective July 1, 2016, certain employees were given a choice to participate in UCRP or select a defined contribution plan option. An employee may also become eligible by completing 1,000 hours within a 12-month period. Generally, five years of service are required for entitlement to UCRP plan benefits. The amount of pension benefit is determined under the basic formula of covered compensation times age factor times years of service credit. The maximum monthly benefit cannot exceed 100 percent of the employee's highest average plan compensation over a 36-month period, subject to certain limits imposed under the Internal Revenue Code or plan provisions. Annual cost-of-living adjustments (COLAs) are made to monthly benefits according to a specified formula based on the Consumer Price Index. Ad hoc COLAs may be granted subject to funding availability.

The University's membership in UCRP consisted of the following at June 30, 2021:

	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	UNIVERSITY OF CALIFORNIA
Retirees and beneficiaries receiving benefits	70,068	12,944	83,012
Inactive members entitled to, but not receiving benefits	97,952	8,339	106,291
Active members:			
Vested	80,623	1,753	82,376
Nonvested	48,022	700	48,722
Total active members	**128,645**	**2,453**	**131,098**
Total membership	**296,665**	**23,736**	**320,401**

Contributions

Contributions to UCRP are based upon rates determined by The Regents. The Regents' funding policy provides for contributions at rates to maintain UCRP on an actuarially sound basis. While the University's independent actuary annually determines the total funding policy contributions, the University is not required to contribute an amount equal to the total funding contribution. The actual contributions and the contribution rates of the University and employees are based on numerous factors, including the availability of funds to the University, the impact of employee contributions on the competitiveness of the University's total remuneration package, and collective bargaining agreements.

The Regents determines the portion of the total contribution to be made by the employer and by the employees, and employee contribution rates for represented employees are subject to collective bargaining. Effective July 1, 2014, employee contribution rates range from 7.0 percent to 9.0 percent. The University pays a uniform contribution rate on behalf of all UCRP active members. The contribution rate was 14.0 percent for the year ended June 30, 2020 and 14.5 percent for the year ended June 30, 2021.

Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or possibly a lump sum equal to the present value of their accrued benefits.

Both current employees and retirees at LBNL participate in UCRP. The University makes contributions to UCRP for LBNL employees based upon rates authorized by The Regents and is reimbursed by the DOE. The University also makes contributions to UCRP for LANL and LLNL retirees and terminated vested members whose benefits were retained in UCRP at the time the joint ventures were formed. The contributions for the LANL and LLNL are actuarially determined based upon a contractual arrangement with the DOE that incorporates a formula targeted to maintain the LANL and LLNL segments within UCRP at a 100-percent funded level. The University is reimbursed by the DOE for these contributions. The net of the DOE pension asset or liability and the related deferred inflows and outflows of resources will be reimbursed under the contracts, and a receivable from the DOE or payable to the DOE is recorded. As of June 30, 2021 and 2020, the University reported $0.6 billion and $1.0 billion, respectively, as other noncurrent Department of Energy receivables for pension liabilities. Contributions of $166.9 million and $137.7 million were deposited into UCRP on behalf of the DOE for the years ended June 30, 2021 and 2020, respectively.

Net Pension Liability

All UCRP assets are available to pay any member's benefit. However, assets and liabilities for the campus and medical center segment of UCRP are internally tracked separately from the DOE national laboratory segments of UCRP. The net pension liability for UCRP was as follows:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	UNIVERSITY OF CALIFORNIA
At June 30, 2021			
UCRP net position	$80,873,774	$10,876,024	$91,749,798
Total pension liability	87,532,664	10,131,196	97,663,860
Net pension liability (asset)	**$6,658,890**	**($744,828)**	**$5,914,062**
At June 30, 2020			
UCRP net position	$62,117,363	$8,798,878	$70,916,241
Total pension liability	82,502,226	10,123,159	92,625,385
Net pension liability	**$20,384,863**	**$1,324,281**	**$21,709,144**

The net pension liability for UCRP was measured as of June 30 and was calculated using the plan net position valued as of the measurement date and total pension liability determined based upon rolling forward the total pension liability from the results of the actuarial valuations as of July 1, one year prior to the measurement date. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used as of June 30, 2021 were based on the results of the most recent experience study covering the period of July 1, 2014 through June 30, 2018. The net pension liability for UCRP was calculated using the following methods and assumptions:

Inflation	2.50%
Investment rate of return	6.75
Projected salary increases	3.65 - 5.95
Cost-of-living adjustments	2.00

For preretirement mortality rates, the Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table was used. For postretirement, healthy mortality rates were based on the Pub-2010 Healthy Teacher Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 110 percent for other female members. For beneficiaries of retired members, rates were based on the Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 90 percent for females. For disabled members, rates were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table. All mortality tables above were projected generationally with the two-dimensional mortality improvement scale MP-2018.

The long-term expected investment rate of return assumption for UCRP was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class:		
U.S. equity	27.6%	5.6%
Developed international equity	16.8	6.5
Emerging market equity	5.6	8.6
Core bonds	13.0	1.5
High-yield bonds	2.5	3.7
Treasury Inflation-Protected Securities	2.0	1.2
Emerging market debt	2.5	3.9
Private equity	10.0	9.2
Real estate	7.0	6.6
Absolute return	10.0	3.3
Real assets	3.0	5.6
Total	**100.0%**	

Discount Rate

The discount rate used to estimate the net pension liability as of June 30, 2021 and 2020 was 6.75 percent. To calculate the discount rate, cash flows into and out of UCRP were projected in order to determine whether UCRP has sufficient cash in future periods for projected benefit payments for current members. For this purpose, University, state and member contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected University contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2021 and 2020.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the June 30, 2021 net pension liability of the University calculated using the June 30, 2021 discount rate assumption of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)	1% DECREASE (5.75%)	CURRENT DISCOUNT (6.75%)	1% INCREASE (7.75%)
UCRP	$19,142,430	$5,914,062	($4,967,453)
UC-VERIP	(53,081)	(54,145)	(55,108)

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	UC-VERIP	TOTAL
At June 30, 2021					
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$537,863		$537,863		$537,863
Changes of assumptions or other inputs	2,707,225		2,707,225		2,707,225
Total	**$3,245,088**		**$3,245,088**		**$3,245,088**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$171,271		$171,271		$171,271
Net difference between projected and actual earnings on pension plan investments	9,619,164	$1,336,207	10,955,371	$9,247	10,964,618
Total	**$9,790,435**	**$1,336,207**	**$11,126,642**	**$9,247**	**$11,135,889**

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	UC-VERIP	TOTAL
At June 30, 2020					
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$309,593		$309,593		$309,593
Changes of assumptions or other inputs	4,186,582		4,186,582		4,186,582
Net difference between projected and actual earnings on pension plan investments	2,087,946	$295,167	2,383,113	$1,997	2,385,110
Total	**$6,584,121**	**$295,167**	**$6,879,288**	**$1,997**	**$6,881,285**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$230,127		$230,127		$230,127
Total	**$230,127**		**$230,127**		**$230,127**

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ended June 30 as follows:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	DOE NATIONAL LABORATORIES	TOTAL UCRP	UC-VERIP	TOTAL
2022	($614,081)	($309,627)	($923,708)	($2,147)	($925,855)
2023	(832,732)	(297,218)	(1,129,950)	(2,040)	(1,131,990)
2024	(2,267,245)	(319,766)	(2,587,011)	(2,212)	(2,589,223)
2025	(2,831,289)	(409,596)	(3,240,885)	(2,848)	(3,243,733)
Total	**($6,545,347)**	**($1,336,207)**	**($7,881,554)**	**($9,247)**	**($7,890,801)**

Defined Contribution Plan (DC Plan)

Under the Retirement Choice Program, effective July 1, 2016, newly hired (or becoming eligible) employees can elect a defined contribution option (Savings Choice) instead of participating in UCRP. For employees who elect this option, both the University and the participants make mandatory contributions, on a pretax basis, on eligible pay up to the IRC compensation limit. The participant contributes 7.0 percent and the University contributes 8.0 percent. University contributions are fully vested after one year of service. For employees who elect to participate in UCRP (Pension Choice) and who are subject to the California Public Employees' Pension Reform Act (PEPRA) maximum, both the University and the participants make mandatory DC Plan retirement contributions on a pretax basis. For designated faculty, the University contributes 5.0 percent to the DC Plan on all eligible pay up to the IRC compensation limit. For staff, the University contributes 3.0 percent to the DC Plan on eligible pay above the PEPRA maximum up to the IRC compensation limit. Both designated faculty and staff contribute 7.0 percent on eligible pay above the PEPRA maximum up to the IRC compensation limit. The University may also contribute on behalf of eligible senior managers. After five years of service, Savings Choice participants are permitted to prospectively elect Pension Choice (Second Choice). The second choice window opens on January 1 following the completion of five years of service and closes on May 31 five years later. The Pension Choice election becomes effective on the next July 1. Employer contributions to the DC Plan were $93.8 million and $76.3 million for the years ended June 30, 2021 and 2020, respectively.

The DC Plan Pretax Account also includes mandatory contributions from part-time, seasonal and temporary employees at the University who are not currently participating in UCRP or another defined benefit plan to which the University contributes (Safe Harbor participants). Safe Harbor participation includes certain University student employees and resident aliens with F-1 and J-1 visa status. Safe Harbor participants contribute 7.5 percent of their gross salary (up to the Social Security wage base) to the DC Plan in lieu of deductions for Social Security taxes.

All University employees, except students who normally work fewer than 20 hours per week, are eligible to make voluntary contributions to the DC Plan After-Tax Account and defer taxation on the earnings until the accumulations are withdrawn. The maximum amount participants may contribute annually to the After-Tax Account is determined by the IRC §415(c) limit. The University may also make DC Plan contributions on behalf of eligible senior managers.

The Supplemental Defined Contribution Plan (SDC Plan) accepts employer contributions on behalf of certain designated employees. Employer contributions are fully vested, and there is no provision for employee contributions. There were no participants, assets or employer contributions to the SDC Plan for the years ended June 30, 2021 and 2020.

Tax Deferred 403(b) Plan

The University's Tax-Deferred 403(b) Plan (403(b) Plan) accepts pretax employee contributions.

The University also makes 403(b) Plan retirement contributions on the summer or equivalent term salaries of eligible academic employees who teach, conduct research or provide administrative service during the summer session or an equivalent term. To be eligible, employees must hold academic year appointments and be active members of UCRP or another defined benefit plan to which the University contributes, be a Savings Choice participant, or be eligible for a primary retirement benefit option under the Retirement Choice Program even if not yet participating. The contribution rate is 7.0 percent of eligible salary, of which 3.5 percent is University-paid and 3.5 percent is employee-paid, both on a pretax basis. The University may also make contributions on behalf of eligible senior managers. Employer contributions to the 403(b) Plan were $8.9 million and $9.1 million for the years ended June 30, 2021 and 2020.

457(b) Deferred Compensation Plan

The University's 457(b) Deferred Compensation Plan (457(b) Plan) accepts pretax employee contributions. There were no employer contributions to the 457(b) Plan for the years ended June 30, 2021 and 2020.

Participants in the DC Plan, the SDC Plan, the 403(b) Plan and the 457(b) Plan may direct their elective and nonelective contributions to investment funds managed by the Chief Investment Officer. They may also invest account balances in certain mutual funds. The participants' interests in mutual funds is shown separately in the statement of plans' fiduciary net position.

University of California Voluntary Early Retirement Incentive Program

UC-VERIP is a defined benefit pension plan providing lifetime supplemental retirement income and survivor benefits to UC–VERIP members who elected early retirement under CalPERS. As of July 1, 2021, there are 384 retirees or beneficiaries receiving benefits under this voluntary early retirement program.

The University and the DOE laboratories previously made contributions to the UC-VERIP sufficient to maintain the promised benefits. The actuarially determined contributions are zero for the years ended June 30, 2021 and 2020.

Children's Hospital and Research Center at Oakland Pension Plan

The Retirement Plan for CHRCO is a noncontributory defined benefit plan subject to the single employer defined benefit under ERISA rules that covers active and retired employees. The CHRCO Pension Plan was amended effective January 1, 2012 to exclude unrepresented employees hired or rehired on or after January 1, 2012. The CHRCO Pension Plan provides retirement, disability and death benefits to plan participants. Benefits are based on a participant's length of service, age at retirement and average compensation as defined by the CHRCO Pension Plan.

The net pension liability for the CHRCO Pension Plan was calculated based upon the following assumptions as of June 30, 2021: 2.8 percent inflation, 6.5 percent investment rate of return; Represented employees: 3.75% for 2021 and after; Unrepresented employees:

3.0% for 2022 and 2023 and 3.75% thereafter projected salary increases and no cost-of-living adjustments. CHRCO recognized pension expense of $28.8 million at June 30, 2021 and $43.3 million at June 30, 2020.

The actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the results of an experience review conducted during 2019. In 2021, the mortality rates were based on the Pri-2012 Mortality Table with fully generational projected mortality improvements using Scale MP-2020. In 2020, the mortality rates were based on the Pri-2012 Mortality Table with fully generational projected mortality improvements using Scale MP-2019.

Additional information on the CHRCO Pension Plan can be found in the annual reports, which can be obtained by writing to Children's Hospital Oakland, Finance Department, 747 52nd Street, Oakland, California 94609.

Membership in the CHRCO Pension Plan consisted of the following at June 30, 2021:

Retirees and beneficiaries receiving benefits	1,201
Inactive members entitled to, but not yet receiving benefits	1,168
Active members	1,989
Total membership	**4,358**

Contributions

Employer contributions are determined under IRC Section 430. Employees are not required or permitted to contribute to the CHRCO Pension Plan.

Net Pension Liability

The net pension liability for CHRCO was measured as of June 30 and the total pension liability was determined by an actuarial valuation as of January 1, rolled forward to June 30. The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the CHRCO Pension Plan are as follows:

	PORTFOLIO PERCENTAGE	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class		
U.S. equity large cap	40.0%	3.3%
U.S. equity small cap	20.0	4.1
Developed international equity	20.0	3.5
Emerging market equity	10.0	4.2
Core fixed income	10.0	(1.4)
Total	**100.0%**	

Discount Rate

The discount rate used to estimate the net pension liability was 6.5 percent for June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumes that CHRCO will make contributions to the CHRCO Pension Plan under IRC Section 430's minimum requirements for a period of 13 years, and that all future assumptions are met. Based on these assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments for current active and inactive employees.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the June 30, 2021 net pension liability calculated using the June 30, 2021 discount rate assumption of 6.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)	1% DECREASE (5.5%)	CURRENT DISCOUNT (6.5%)	1% INCREASE (7.5%)
Net pension liability	$112,744	$22,366	($52,239)

Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, deferred outflows of resources and deferred inflows of resources were as follows:

(in thousands of dollars)	2021	2020
DEFERRED OUTFLOWS OF RESOURCES		
Difference between expected and actual experience	$35,852	$25,865
Changes of benefit terms	31	58
Changes of assumptions	19,796	27,536
Net difference between projected and actual earnings on pension plan investments		33,625
Total	**$55,679**	**$87,084**
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience		$389
Changes of assumptions	$7,165	6,446
Net difference between projected and actual earnings on pension plan investments	35,479	
Total	**$42,644**	**$6,835**

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense during the next five years is as follows:

(in thousands of dollars)	
Year Ending June 30	
2022	$4,378
2023	4,652
2024	2,780
2025	(5,353)
2026	5,266
Thereafter	1,312
Total	**$13,035**

Orange County Employees Retirement System (OCERS)

OCERS administers a cost-sharing, multiemployer defined benefit pension plan for the County of Orange, City of San Juan Capistrano and 13 special districts. Certain employees of one of the University's medical centers were eligible to continue to participate in OCERS at the time the county hospital was acquired by the University.

OCERS provides retirement, disability and death benefits. Retirement benefits are tiered based upon date of OCERS membership. Participation in OCERS for the University's employees is closed. The University's share of net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense have been determined based upon its specific actuarial accrued liability and a share of assets allocated in accordance with a formula set forth in OCERS' policy. The fiduciary net position and changes in net position have been measured consistent with the accounting policies used by OCERS. Pursuant to an agreement between the University and the County of Orange (OC), the University and OC will equally split the contributions and net pension liability. The amounts reported in the financial statements reflect the University's share of the net pension liability, deferred inflows and outflows and pension expense.

Additional information on OCERS can be obtained from the 2020-2021 annual reports of the Orange County Employees Retirement System at https://www.ocers.org.

Membership in OCERS consisted of the following at December 31, 2020: 19,419 retired members and beneficiaries, 6,818 inactive members and 21,559 active members.

Contributions

Contribution rates are set by the OCERS Board of Retirement.

Net Pension Liability

The University's proportionate share of the OCERS net pension liability was $12.7 million and $15.1 million as of June 30, 2021 and 2020, respectively. The net pension liability for OCERS was measured as of June 30, 2021 and 2020, and the total pension liability was determined by an actuarial valuation as of December 31, 2020 and 2019 rolled forward to June 30, 2021 and 2020, respectively. The actuarial assumptions used in 2021 and 2020 were based on the results of an experience study for the period from January 1, 2014 through December 31, 2016.

The net pension liability for OCERS was calculated based upon the following assumptions as of June 30, 2021: 2.5 percent inflation, 7.0 percent investment rate of return, 4.0 to 11.0 percent projected salary increases for general members and 2.8 percent cost-of-living adjustments. The net pension liability was calculated based upon the following assumptions as of June 30, 2020: 2.8 percent inflation, 7.0 percent investment rate of return, 4.25 to 12.25 percent projected salary increases for general members and 3.0 percent cost-of-living adjustments.

The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for OCERS are as follows:

	ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM	
	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Asset class:		
Large Cap Equity	23.1%	5.4%
Small Cap Equity	1.9	6.2
International Developed Equity	13.0	6.7
Emerging Markets Equity	9.0	8.6
Core Bonds	9.0	1.1
High Yield Bonds	1.5	2.9
TIPS	2.0	0.7
Emerging Market Debt	2.0	3.3
Corporate Credit	1.0	0.5
Long Duration Fixed Income	2.5	1.4
Real Estate	3.0	4.4
Private Equity	13.0	9.4
Value Added Real Estate	3.0	7.4
Opportunistic Real Estate	1.0	10.2
Energy	2.0	9.7
Infrastructure (Core Private)	1.5	5.1
Infrastructure (Non-Core Private)	1.5	8.9
CTA - Trend Following	2.5	2.4
Global Macro	2.5	2.1
Private Credit	2.5	5.5
Alternative Risk Premia	2.5	2.5
Total	**100.0%**	

Discount Rate

The discount rate used to estimate the net pension liability was 7.0 percent for June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rate. For this purpose, only employer contributions will be made at rates equal to the actuarially determined contribution rates.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability calculated using the June 30, 2021 discount rate assumption of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate different than the current assumption:

	ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM		
(in thousands of dollars)	**1% DECREASE (6.0%)**	**CURRENT DISCOUNT RATE (7.0%)**	**1% INCREASE (8.0%)**
Net pension liability	$19,932	$12,669	$6,748

Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, deferred outflows of resources and deferred inflows of resources were as follows:

(in thousands of dollars)	**2021**	**2020**
DEFERRED OUTFLOWS OF RESOURCES		
Changes of assumptions or other inputs	$476	$713
Difference between expected and actual experience	1,043	895
Total	**$1,519**	**$1,608**
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience	$795	$1,216
Changes of assumptions or other inputs	456	40
Net difference between projected and actual earnings on pension plan investments	2,331	1,335
Total	**$3,582**	**$2,591**

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense during the next five years is as follows:

(in thousands of dollars)	
Year Ending June 30	
2022	($763)
2023	(203)
2024	(792)
2025	(302)
2026	(3)
Total	**($2,063)**

16. RETIREE HEALTH BENEFIT COSTS AND OBLIGATIONS

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University of California and its affiliates through the University of California Retiree Health Benefit Program. The Regents has the authority to establish and amend the program. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health liability based on the current practices of providing retiree health benefits.

The University established the University of California Retiree Health Benefit Trust (UCRHBT or Trust) in order to allow certain University locations and affiliates (primarily campuses and medical centers) that share the risks, rewards and costs of providing for retiree health benefits to fund such benefits on a cost-sharing basis and accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. Campus and medical center contributions toward retiree health benefits are made to the Trust at rates determined by the University. The University receives retiree health contributions from retirees that are deducted from their UCRP benefit payments or are received from the retiree through direct pay. The University acts as a third-party administrator on behalf of the Trust and pays health care insurers and administrators amounts currently due under the Retiree Health Benefit Program for retirees. The Trust reimburses the University for these amounts.

LBNL participates in the University's Retiree Health Benefits Program. LBNL does not participate in UCRHBT; therefore, the DOE has no interest in the Trust's assets. The University directly pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees who previously worked at LBNL, and is reimbursed by the DOE. To the extent the University has recorded a net retiree health benefits liability (and related deferred inflows and outflows of resources) that will be reimbursed under DOE contracts, a receivable from the DOE is recorded. The University recorded receivables from the DOE of $711.5 million and $691.0 million for 2021 and 2020, respectively, representing the DOE's share of the net retiree health benefits liability.

Condensed financial information for the changes in retiree health benefits liability for the year ended June 30, 2021 is as follows:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
Contributions	$548,768	$21,956	$570,724
Investment income, net	208		208
Total additions	**548,976**	**21,956**	**570,932**
Insurance premiums, net	(529,804)	(21,956)	(551,760)
Other deductions	(4,369)		(4,369)
Total deductions	**(534,173)**	**($21,956)**	**(556,129)**
Increase in net position held in UCRHBT	14,803		14,803
Net position held in UCRHBT, beginning of year	156,818		156,818
Net position held in UCRHBT, end of year	**$171,621**		**$171,621**

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
CHANGES IN TOTAL RETIREE HEALTH BENEFITS LIABILITY			
Service cost	$1,270,153	$25,993	$1,296,146
Interest	538,187	15,982	554,169
Difference between expected and actual experience	(493,529)	(28,118)	(521,647)
Changes of assumptions and other inputs	206,722	6,115	212,837
Benefits paid	(529,804)	(21,956)	(551,760)
Retiree contributions	85,607	3,018	88,625
Net change in total retiree health benefits liability	**1,077,336**	**1,034**	**1,078,370**
Total retiree health benefits liability			
Beginning of year	23,303,096	706,594	24,009,690
End of year	**24,380,432**	**707,628**	**25,088,060**
Net retiree health benefits liability, end of year	**$24,208,811**	**$707,628**	**$24,916,439**

Benefits

Retirees are eligible for medical and dental benefits. The costs of the medical and dental benefits are shared between the University and the retiree. The University does not contribute toward the cost of other benefits available to retirees. Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least five years of service. Retirees employed by the University after 1989 and prior to July 1, 2013 become eligible for a percentage of the University's contribution starting at 50 percent of the maximum University contribution with 10 years of service or if age plus years of service equal at least 75 and increasing to 100 percent after 20 years of service. Retirees who are employed by the University after July 1, 2013, and retire at the age of 56 or older, become eligible for a percentage of the University's contribution based on age and years of service. Retirees are eligible for the maximum University contribution at age 65 with 20 or more years of service. Retirees pay the excess, if any, of the premium over the applicable portion of the University's contribution.

Membership in a defined benefit plan to which the University contributes or participation in the DC Plan as a result of a Savings Choice election is required to become eligible for retiree health benefits. Participation in the Retiree Health Benefit Program plans consisted of the following at June 30, 2021:

	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
Retirees and beneficiaries receiving benefits	46,751	1,847	48,598
Active members	139,975	2,425	142,400
Total membership	**186,726**	**4,272**	**190,998**

Contributions

The University does not pre-fund retiree health benefits and instead provides for benefits based upon projected pay-as-you-go financing. University and retiree contributions toward premiums made under purchased plan arrangements are determined by applying the health plan contract rates across the number of participants in the respective plans. Premium rates for the self-insured plan contributions are set by the University based upon a trend analysis of the historic cost, utilization, demographics and administrative expenses to provide for the claims incurred and the actuarially determined level of incurred but not reported liability. The assessment rates were $2.58 and $2.60 per $100 of UCRP covered payroll effective July 1, 2020 and 2019, respectively.

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members that are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. This effect is called the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

Net Retiree Health Benefits Liability

The University's net retiree health benefits liability was measured as of June 30 based on rolling forward the results of the actuarial valuations as of March 1, one year prior to the measurement date. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Significant actuarial methods and assumptions used to calculate the University's net retiree health benefits liability were:

(shown as percentage)	2021	2020
Discount rate	2.16%	2.21%
Inflation	2.5	2.5
Investment rate of return	2.5	2.5
Projected salary increases	3.65 - 5.95	3.65 - 5.95
Health care cost trend rates	Initially ranges from 2.7 to 7.5 decreasing to an ultimate rate of 4.0 for 2075 and later years.	Initially ranges from 2.7 to 9.0 decreasing to an ultimate rate of 4.0 for 2076 and later years.

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used as of June 30, 2021 and 2020 were based upon the results of the most recent experience study covering the period of July 1, 2014 through June 30, 2018. For preretirement mortality rates, the Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table were used. For postretirement, healthy mortality rates were based on the Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table and multiplied by 90 percent for faculty members or 115 percent and 110 percent for other male and female members, respectively. For beneficiaries of retired members, rates were based on the Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table. For disabled members, rates were based on the Pub-2010 Non-Safety Disabled Retiree-Headcount Weighted Mortality Table. All mortality rates are projected generationally with the two-dimensional mortality improvement scale MP-2018.

Sensitivity of Net Retiree Health Benefits Liability to the Health Care Cost Trend Rate

The following presents the June 30, 2021 net retiree health benefits liability of the University calculated using the June 30, 2021 health care cost trend rate assumption with initial trend ranging from 2.7 percent to 7.5 percent grading down to an ultimate trend of 4.0 percent over 54 years, as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate different than the current assumption:

(in thousands of dollars)	1% DECREASE (1.7% to 6.5%) DECREASING TO (3.0%)	CURRENT TREND (2.7% to 7.5%) DECREASING TO (4.0%)	1% INCREASE (3.7% to 8.5%) DECREASING TO (5.0%)
Net retiree health benefits liability	$20,266,385	$24,916,439	$31,167,998

Discount Rate

The discount rate used to estimate the net retiree health benefits liability as of June 30, 2021 and 2020 was 2.16 percent and 2.21 percent, respectively. The discount rate was based on the Bond Buyer 20-year tax-exempt general obligations municipal bond index rate since UCHRBT assets are not sufficient to make benefit payments.

Sensitivity of Net Retiree Health Benefits Liability to the Discount Rate Assumption

The following presents the June 30, 2021 net retiree health benefits liability of the University calculated using the June 30, 2021 discount rate assumption of 2.16 percent, as well as what the net retiree health benefits liability would be if it were calculated using a discount rate different than the current assumption:

(in thousands of dollars)	1% DECREASE (1.16%)	CURRENT DISCOUNT (2.16%)	1% INCREASE (3.16%)
Net retiree health benefits liability	$30,097,550	$24,916,439	$20,869,880

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources for retiree health benefits were related to the following sources:

(in thousands of dollars)

2021	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
DEFERRED OUTFLOWS OF RESOURCES			
Difference between expected and actual experience	$44,044	$1,316	$45,360
Changes of assumptions or other inputs	5,776,630	125,137	5,901,767
Net difference between projected and actual earnings on plan investments	4,916		4,916
Total	**$5,825,590**	**$126,453**	**$5,952,043**
DEFERRED INFLOWS OF RESOURCES			
Difference between expected and actual experience	$3,562,951	$103,739	$3,666,690
Changes of assumptions or other inputs	1,895,484	26,570	1,922,054
Total	**$5,458,435**	**$130,309**	**$5,588,744**

(in thousands of dollars)

2020	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
DEFERRED OUTFLOWS OF RESOURCES			
Difference between expected and actual experience	$54,286	$2,258	$56,544
Changes of assumptions or other inputs	6,779,937	173,090	6,953,027
Net difference between projected and actual earnings on plan investments	3,148		3,148
Total	**$6,837,371**	**$175,348**	**$7,012,719**
DEFERRED INFLOWS OF RESOURCES			
Difference between expected and actual experience	$3,785,361	$114,261	$3,899,622
Changes of assumptions or other inputs	2,337,297	45,508	2,382,805
Total	**$6,122,658**	**$159,769**	**$6,282,427**

The net amount of deferred outflows of resources and deferred inflows of resources as of June 30, 2021 related to retiree health benefits that will be recognized in retiree health benefit expense during the next five years and thereafter are as follows:

(in thousands of dollars)	CAMPUSES AND MEDICAL CENTERS	LBNL	UNIVERSITY OF CALIFORNIA
2022	$64,229	($7,429)	$56,800
2023	63,844	(4,357)	59,487
2024	(54,527)	6,540	(47,987)
2025	(229,140)	4,423	(224,717)
2026	126,560	(3,033)	123,527
Thereafter	396,189		396,189
Total	**$367,155**	**($3,856)**	**$363,299**

17. ENDOWMENTS AND GIFTS

Endowments and gifts are held and administered either by the University or by the campus foundations.

University of California

The value of endowments and gifts held and administered by the University, exclusive of income distributed to be used for operating purposes, at June 30, 2021 and 2020 is as follows:

	UNIVERSITY OF CALIFORNIA			
(in thousands of dollars)	RESTRICTED NONEXPENDABLE	RESTRICTED EXPENDABLE	UNRESTRICTED	TOTAL
At June 30, 2021				
Endowments	$1,238,159	$4,674,072	$8,925	$5,921,156
Funds functioning as endowments		3,708,116	7,480,402	11,188,518
Gifts		2,578,108	197,800	2,775,908
University endowments and gifts	**$1,238,159**	**$10,960,296**	**$7,687,127**	**$19,885,582**
At June 30, 2020				
Endowments	$1,216,561	$3,385,307	$6,555	$4,608,423
Funds functioning as endowments		2,846,964	5,424,945	8,271,909
Gifts		2,097,673	12,348	2,110,021
University endowments and gifts	**$1,216,561**	**$8,329,944**	**$5,443,848**	**$14,990,353**

The University's endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve the maximum long-term total return. As a result of this emphasis on total return, the proportion of the annual income distribution provided by dividend and interest income and by capital gains may vary significantly from year to year. The University's policy is to retain the realized and unrealized appreciation with the endowment after the annual income distribution has been made. The net appreciation available to meet future spending needs is subject to the approval of The Regents and amounted to $3.9 billion and $2.8 billion at June 30, 2021 and 2020, respectively.

The portion of investment returns earned on endowments held by the University and distributed at the end of each year to support current operations for the following year is based upon a rate that is approved by The Regents. The annual income distribution transferred to the campuses from endowments held by the University was $390.9 million and $372.8 million for the years ended June 30, 2021 and 2020, respectively. The portion of this annual income distribution from accumulated capital gains, in addition to the dividend and interest income earned during the year, was $397.4 million and $396.1 million for the years ended June 30, 2021 and 2020, respectively. Accumulated endowment income available for spending in the future, including the annual income distribution, was $812.1 million and $807.0 million at June 30, 2021 and 2020, respectively.

Campus Foundations

The value of endowments and gifts held by the campus foundations and administered by each of their independent Board of Trustees at June 30 are as follows:

	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS			
(in thousands of dollars)	RESTRICTED NONEXPENDABLE	RESTRICTED EXPENDABLE	UNRESTRICTED	TOTAL
At June 30, 2021				
Endowments	$5,892,517	$3,788,448		$9,680,965
Funds functioning as endowments		2,407,656		2,407,656
Gifts		1,846,420	$825,250	2,671,670
Campus foundations' endowments and gifts	**$5,892,517**	**$8,042,524**	**$825,250**	**$14,760,291**
At June 30, 2020				
Endowments	$5,326,577	$1,411,207		$6,737,784
Funds functioning as endowments		2,107,090		2,107,090
Gifts		1,587,487	$656,950	2,244,437
Campus foundations' endowments and gifts	**$5,326,577**	**$5,105,784**	**$656,950**	**$11,089,311**

18. SEGMENT INFORMATION

The University's medical centers' and CHRCO's revenues are pledged in support of the outstanding University of California Medical Center Pooled Revenue Bonds. The medical centers' operating revenues and expenses consist primarily of revenues associated with patient care and the related costs of providing that care.

Condensed financial statement information related to each of the University's medical centers for the year ended June 30, 2021 is as follows:

	UNIVERSITY OF CALIFORNIA MEDICAL CENTERS				
(in thousands of dollars)	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO
Year Ended June 30, 2021					
Revenue bonds outstanding	$639,036	$540,205	$1,132,133	$1,014,452	$1,283,994
Related debt service payments	42,480	28,985	62,266	51,181	85,281
Bonds due serially through	2120	2120	2120	2120	2120
CONDENSED STATEMENT OF NET POSITION					
Current assets	$1,863,684	$996,674	$2,675,994	$1,082,400	$3,184,233
Capital assets, net	1,348,196	808,683	1,684,930	1,496,440	2,579,032
Other assets	493,209	215,591	504,049	340,905	903,041
Total assets	**3,705,089**	**2,020,948**	**4,864,973**	**2,919,745**	**6,666,306**
Total deferred outflows of resources	**814,971**	**360,856**	**797,814**	**727,306**	**1,375,878**
Current liabilities	855,642	457,949	845,452	624,281	1,526,997
Long-term debt	657,595	551,919	1,290,848	1,072,401	1,279,577
Other noncurrent liabilities	2,591,846	1,173,624	2,641,224	2,027,129	3,779,976
Total liabilities	**4,105,083**	**2,183,492**	**4,777,524**	**3,723,811**	**6,586,550**
Total deferred inflows of resources	**1,091,931**	**523,733**	**1,198,340**	**805,949**	**1,703,545**
Net investment in capital assets	999,013	464,777	698,531	714,572	1,727,573
Restricted	7,604	2,043	25,745	345	136,694
Unrestricted	(1,683,571)	(792,241)	(1,037,353)	(1,597,626)	(2,112,178)
Total net position	**($676,954)**	**($325,421)**	**($313,077)**	**($882,709)**	**($247,911)**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating revenues	$2,789,035	$1,552,626	$3,175,129	$2,645,319	$5,570,006
Operating expenses	(2,658,083)	(1,398,304)	(2,721,575)	(2,401,860)	(5,267,886)
Depreciation expense	(102,871)	(88,897)	(100,786)	(104,953)	(187,544)
Operating income	**28,081**	**65,425**	**352,768**	**138,506**	**114,576**
Nonoperating revenues (expenses), net	97,374	89,599	60,972	(36,974)	407,301
Income before other changes in net position	**125,455**	**155,024**	**413,740**	**101,532**	**521,877**
Health systems support	(67,310)	(155,135)	(260,127)	(250,006)	(121,200)
Transfers (to) from University, net	7,257	42,095		(4,934)	
Changes in allocation for pension payable to University	3,024	5,472	17,852	7,092	13,385
Other, including donated assets	716	2,201	1,537	(3,844)	(6,204)
Increase (decrease) in net position	**69,142**	**49,657**	**173,002**	**(150,160)**	**407,858**
Net position - beginning of year	(746,096)	(375,078)	(486,079)	(732,549)	(655,769)
Net position - end of year	**($676,954)**	**($325,421)**	**($313,077)**	**($882,709)**	**($247,911)**
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	$174,204	$192,362	$454,420	$405,576	$892,709
Noncapital financing activities	21,369	(38,232)	(252,731)	(248,296)	210,353
Capital and related financing activities	(290,468)	(171,528)	(239,718)	(112,083)	(337,425)
Investing activities	(114,338)	51,511	148,283	21,055	22,601
Net increase (decrease) in cash and cash equivalents	**(209,233)**	**34,113**	**110,254**	**66,252**	**788,238**
Cash and cash equivalents* - beginning of year	1,346,277	663,359	1,596,270	500,047	1,358,221
Cash and cash equivalents* – end of year	**$1,137,044**	**$697,472**	**$1,706,524**	**$566,299**	**$2,146,459**

**Cash and cash equivalents on the medical centers' financial statements are included in the University's Short Term Investment Pool.*

Condensed financial statement information related to each of the University's medical centers for the year ended June 30, 2020 is as follows:

	UNIVERSITY OF CALIFORNIA MEDICAL CENTERS				
(in thousands of dollars)	**DAVIS**	**IRVINE**	**LOS ANGELES**	**SAN DIEGO**	**SAN FRANCISCO**
Year Ended June 30, 2020					
Revenue bonds outstanding	$657,361	$544,825	$1,147,213	$1,019,552	$1,303,044
Related debt service payments	30,796	21,390	46,127	42,836	57,240
Bonds due serially through	2120	2120	2120	2120	2120
CONDENSED STATEMENT OF NET POSITION					
Current assets	$1,811,316	$924,985	$2,380,916	$959,161	$2,358,746
Capital assets, net	1,174,837	745,376	1,623,613	1,558,228	2,491,244
Other assets	487,297	238,561	599,181	358,215	762,514
Total assets	**3,473,450**	**1,908,922**	**4,603,710**	**2,875,604**	**5,612,504**
Total deferred outflows of resources	**959,487**	**449,931**	**1,102,277**	**941,717**	**1,897,311**
Current liabilities	779,784	416,901	789,137	520,446	1,059,403
Long-term debt	681,331	557,852	1,312,029	1,087,904	1,299,005
Other noncurrent liabilities	3,279,454	1,521,956	3,514,655	2,614,058	5,108,203
Total liabilities	**4,740,569**	**2,496,709**	**5,615,821**	**4,222,408**	**7,466,611**
Total deferred inflows of resources	**438,464**	**237,222**	**576,245**	**327,462**	**698,973**
Net investment in capital assets	824,936	415,048	736,002	779,658	1,572,954
Restricted	8,112	5,247	24,384	346	121,533
Unrestricted	(1,579,144)	(795,373)	(1,246,465)	(1,512,553)	(2,350,256)
Total net position	**($746,096)**	**($375,078)**	**($486,079)**	**($732,549)**	**($655,769)**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating revenues	$2,512,365	$1,352,915	$3,008,242	$2,343,867	$5,072,342
Operating expenses	(2,587,081)	(1,351,489)	(2,824,803)	(2,364,157)	(5,356,885)
Depreciation expense	(94,562)	(86,344)	(148,411)	(103,264)	(203,299)
Operating income (loss)	**(169,278)**	**(84,918)**	**35,028**	**(123,554)**	**(487,842)**
Nonoperating revenues, net	64,998	28,376	90,553	58,592	200,945
Income (loss) before other changes in net position	**(104,280)**	**(56,542)**	**125,581**	**(64,962)**	**(286,897)**
Health systems support	(54,722)	(126,806)	(282,396)	(330,230)	(121,192)
Transfers (to) from University, net	22,410	40,876		(10,126)	
Changes in allocation for pension payable to University	12,839	1,699	18,180	869	830
Other, including donated assets	834	941	5,241	12,505	54,364
Decrease in net position	**(122,919)**	**(139,832)**	**(133,394)**	**(391,944)**	**(352,895)**
Net position - beginning of year	(623,177)	(235,246)	(352,685)	(340,605)	(302,874)
Net position - end of year	**($746,096)**	**($375,078)**	**($486,079)**	**($732,549)**	**($655,769)**
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	$494,472	$335,961	$776,774	$493,886	$600,550
Noncapital financing activities	71,296	(56,461)	(179,422)	(244,517)	96,812
Capital and related financing activities	206,065	148,359	313,628	232,781	124,711
Investing activities	(244,841)	(219,729)	(429,559)	(323,358)	(410,432)
Net increase in cash and cash equivalents	**526,992**	**208,130**	**481,421**	**158,792**	**411,641**
Cash and cash equivalents* - beginning of year	819,285	455,229	1,114,849	341,255	946,580
Cash and cash equivalents* – end of year	**$1,346,277**	**$663,359**	**$1,596,270**	**$500,047**	**$1,358,221**

**Cash and cash equivalents on the medical centers' financial statements are included in the University's Short Term Investment Pool.*

Summarized financial information for each medical center is from the medical centers' audited financial statements. Certain revenue, such as financial support from the state for clinical teaching programs, is classified as state educational appropriations rather than medical center revenue in the University's statement of revenues, expenses and changes in net position. However, in the medical centers' audited financial statements and for segment reporting purposes, these revenues are classified as operating revenue. Additional information on the individual University of California medical centers can be obtained from their audited financial statements which are available at http://reportingtransparency.universityofcalifornia.edu.

Certain revenue generating projects (including student and faculty housing, parking facilities, student centers, recreation and events facilities, student health facilities and athletics facilities) are also financed by Limited Project Revenue Bonds; however, assets and liabilities are not required to be accounted for separately.

19. BLENDED COMPONENT UNIT INFORMATION

Condensed financial statement information related to certain of the University's blended component units for the year ended June 30, 2021 is as follows:

(in thousands of dollars)	FIAT LUX	CHRCO	RESEARCH	HOUSING
CONDENSED STATEMENTS OF NET POSITION				
Current assets	$1,504,323	$317,699	$53,907	$309,153
Capital assets, net		412,941	254,899	1,143,646
Other assets	571,501	399,207	209,178	372,279
Total assets	**2,075,824**	**1,129,847**	**517,984**	**1,825,078**
Total deferred outflows of resources		**55,679**	**5,249**	
Current liabilities	377,075	248,821	29,556	142,637
Other noncurrent liabilities	1,289,583	153,588	448,228	1,780,974
Total liabilities	**1,666,658**	**402,409**	**477,784**	**1,923,611**
Total deferred inflows of resources		**61,806**		
Net investment in capital assets		311,497	38,026	
Restricted		107,629		
Unrestricted	409,166	302,185	7,423	(98,533)
Total net position	**$409,166**	**$721,311**	**$45,449**	**($98,533)**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
Operating revenues	$433,300	$599,726	$25,357	$97,424
Operating expenses	(352,290)	(589,132)	(3,651)	(46,429)
Depreciation expense		(34,986)	(2,719)	(24,647)
Operating income (loss)	**81,010**	**(24,392)**	**18,987**	**26,348**
Nonoperating revenues (expenses), net	141,937	126,948	(15,737)	(85,081)
Income (loss) before other changes in net position	**222,947**	**102,556**	**3,250**	**(58,733)**
Other, including donated assets		10,431		
Increase (decrease) in net position	**222,947**	**112,987**	**3,250**	**(58,733)**
Net position – beginning of year	186,219	608,324	42,199	(39,800)
Net position – end of year	**$409,166**	**$721,311**	**$45,449**	**($98,533)**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by:				
Operating activities	$132,157	$72,919	$27,852	($33,314)
Noncapital financing activities		41,452		
Capital and related financing activities		(66,676)	(92,922)	363,589
Investing activities	(20,602)	(3,449)	(319)	(337,862)
Net increase (decrease) in cash and cash equivalents	**111,555**	**44,246**	**(65,389)**	**(7,587)**
Cash and cash equivalents – beginning of year	45,870	148,516	114,702	44,438
Cash and cash equivalents – end of year	**$157,425**	**$192,762**	**$49,313**	**$36,851**

Condensed financial statement information related to certain of the University's blended component units for the year ended June 30, 2020 is as follows:

(in thousands of dollars)	FIAT LUX	CHRCO	RESEARCH	HOUSING
CONDENSED STATEMENTS OF NET POSITION				
Current assets	$1,234,201	$317,765	$99,406	$411,466
Capital assets, net		364,001	189,570	962,025
Other assets	212,981	301,211	232,124	234,083
Total assets	**1,447,182**	**982,977**	**521,100**	**1,607,574**
Total deferred outflows of resources		**87,084**	**5,525**	
Current liabilities	333,212	213,682	25,519	179,804
Other noncurrent liabilities	927,751	223,612	458,907	1,467,570
Total liabilities	**1,260,963**	**437,294**	**484,426**	**1,647,374**
Total deferred inflows of resources		**24,443**		
Net investment in capital assets		262,021	37,081	
Restricted		87,359		
Unrestricted	186,219	258,944	5,118	(39,800)
Total net position	**$186,219**	**$608,324**	**$42,199**	**($39,800)**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION				
Operating revenues	$395,891	$626,379	$16,402	$100,385
Operating expenses	(405,529)	(633,605)	(3,732)	(44,276)
Depreciation expense		(41,049)	(2,837)	(21,715)
Operating income (loss)	**(9,638)**	**(48,275)**	**9,833**	**34,394**
Nonoperating revenues (expenses), net	3,539	38,202	(14,545)	(47,230)
Loss before other changes in net position	**(6,099)**	**(10,073)**	**(4,712)**	**(12,836)**
Other, including donated assets		8,321		
Decrease in net position	**(6,099)**	**(1,752)**	**(4,712)**	**(12,836)**
Net position – beginning of year	192,318	610,076	46,911	(26,964)
Net position – end of year	**$186,219**	**$608,324**	**$42,199**	**($39,800)**
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by:				
Operating activities	$75,496	$22,448	$14,765	$102,888
Noncapital financing activities		34,548		
Capital and related financing activities		(70,438)	(60,155)	(191,358)
Investing activities	(44,158)	1,411	2,636	93,955
Net increase (decrease) in cash and cash equivalents	**31,338**	**(12,031)**	**(42,754)**	**5,485**
Cash and cash equivalents – beginning of year	14,532	160,547	157,456	38,953
Cash and cash equivalents – end of year	**$45,870**	**$148,516**	**$114,702**	**$44,438**

CHRCO's other assets include investments in the UCSF Foundation's Endowed Investment Pool of $337.1 million and $245.2 million at June 30, 2021 and 2020.

Additional information on the blended component units can be found in their separately issued audited financial statements.

20. CAMPUS FOUNDATIONS INFORMATION

Under University policies approved by The Regents, each individual campus may establish a separate foundation to provide valuable assistance in fundraising, public outreach and other support for the missions of the campus and the University. Although independent boards govern these foundations, their assets are dedicated for the benefit of the University of California.

Condensed financial statement information related to the University's campus foundations, including their allocated share of the assets and liabilities associated with securities lending transactions in the University's investment pools, for the year ended June 30, 2021 is as follows:

	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS					
(in thousands of dollars)	BERKELEY	SAN FRANCISCO	LOS ANGELES	SAN DIEGO	ALL OTHER	TOTAL
CONDENSED STATEMENT OF NET POSITION						
Current assets	$143,201	$355,582	$626,358	$177,094	$169,869	$1,472,104
Noncurrent assets	3,230,450	2,706,512	4,096,561	1,481,869	2,372,994	13,888,386
Total assets	**3,373,651**	**3,062,094**	**4,722,919**	**1,658,963**	**2,542,863**	**15,360,490**
Current liabilities	17,176	47,306	26,390	61,453	7,910	160,235
Noncurrent liabilities	88,570	25,009	35,182	8,297	25,394	182,452
Total liabilities	**105,746**	**72,315**	**61,572**	**69,750**	**33,304**	**342,687**
Total deferred inflows of resources	**75,321**	**31,189**	**56,772**	**69,746**	**24,484**	**257,512**
Restricted	3,191,315	2,958,225	3,833,951	1,484,297	2,467,253	13,935,041
Unrestricted	1,269	365	770,624	35,170	17,822	825,250
Total net position	**$3,192,584**	**$2,958,590**	**$4,604,575**	**$1,519,467**	**$2,485,075**	**$14,760,291**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION						
Operating revenues	$294,167	$427,982	$300,694	$136,569	$151,958	$1,311,370
Operating expenses	(342,886)	(376,959)	(380,188)	(73,651)	(216,523)	(1,390,207)
Operating income (loss)	**(48,719)**	**51,023**	**(79,494)**	**62,918**	**(64,565)**	**(78,837)**
Nonoperating revenues	793,094	617,611	924,378	339,089	550,027	3,224,199
Income before other changes in net position	**744,375**	**668,634**	**844,884**	**402,007**	**485,462**	**3,145,362**
Permanent endowments	113,556	138,804	116,367	43,905	112,986	525,618
Increase in net position	**857,931**	**807,438**	**961,251**	**445,912**	**598,448**	**3,670,980**
Net position – beginning of year	2,334,653	2,151,152	3,643,324	1,073,555	1,886,627	11,089,311
Net position – end of year	**$3,192,584**	**$2,958,590**	**$4,604,575**	**$1,519,467**	**$2,485,075**	**$14,760,291**
CONDENSED STATEMENT OF CASH FLOWS						
Net cash provided (used) by:						
Operating activities	($139,101)	($113,522)	($82,226)	$71,041	($91,974)	($355,782)
Noncapital financing activities	89,615	119,858	104,112	39,153	67,675	420,413
Investing activities	50,449	(6,115)	(22,422)	(134,449)	26,728	(85,809)
Net increase (decrease) in cash and cash equivalents	**963**	**221**	**(536)**	**(24,255)**	**2,429**	**(21,178)**
Cash and cash equivalents – beginning of year	6,170	270,281	8,143	25,245	48,010	357,849
Cash and cash equivalents – end of year	**$7,133**	**$270,502**	**$7,607**	**$990**	**$50,439**	**$336,671**

Condensed financial statement information related to the University's campus foundations, including their allocated share of the assets and liabilities associated with securities lending transactions in the University's investment pools, for the year ended June 30, 2020 is as follows:

	UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS					
(in thousands of dollars)	BERKELEY	SAN FRANCISCO	LOS ANGELES	SAN DIEGO	ALL OTHER	TOTAL
CONDENSED STATEMENT OF NET POSITION						
Current assets	$122,287	$353,452	$662,094	$128,275	$220,508	$1,486,616
Noncurrent assets	2,358,308	1,943,463	3,093,848	1,046,821	1,760,039	10,202,479
Total assets	**2,480,595**	**2,296,915**	**3,755,942**	**1,175,096**	**1,980,547**	**11,689,095**
Current liabilities	10,731	84,742	32,034	37,182	49,918	214,607
Noncurrent liabilities	74,678	32,133	32,975	8,300	24,572	172,658
Total liabilities	**85,409**	**116,875**	**65,009**	**45,482**	**74,490**	**387,265**
Total deferred inflows of resources	**60,533**	**28,888**	**47,609**	**56,059**	**19,430**	**212,519**
Restricted	2,327,327	2,150,776	3,033,426	1,048,790	1,872,042	10,432,361
Unrestricted	7,326	376	609,898	24,765	14,585	656,950
Total net position	**$2,334,653**	**$2,151,152**	**$3,643,324**	**$1,073,555**	**$1,886,627**	**$11,089,311**
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION						
Operating revenues	$205,477	$452,200	$414,044	$100,417	$131,201	$1,303,339
Operating expenses	(257,186)	(411,663)	(348,877)	(156,585)	(155,638)	(1,329,949)
Operating income (loss)	**(51,709)**	**40,537**	**65,167**	**(56,168)**	**(24,437)**	**(26,610)**
Nonoperating revenues	42,782	86,576	21,612	49,002	31,237	231,209
Income (loss) before other changes in net position	**(8,927)**	**127,113**	**86,779**	**(7,166)**	**6,800**	**204,599**
Permanent endowments	63,993	68,438	144,525	42,897	122,972	442,825
Increase in net position	**55,066**	**195,551**	**231,304**	**35,731**	**129,772**	**647,424**
Net position – beginning of year	2,279,587	1,955,601	3,412,020	1,037,824	1,756,855	10,441,887
Net position – end of year	**$2,334,653**	**$2,151,152**	**$3,643,324**	**$1,073,555**	**$1,886,627**	**$11,089,311**
CONDENSED STATEMENT OF CASH FLOWS						
Net cash provided (used) by:						
Operating activities	($81,515)	($20,391)	$23,721	($22,068)	($47,990)	($148,243)
Noncapital financing activities	52,452	77,302	103,564	39,337	72,309	344,964
Investing activities	26,845	(171,972)	(128,440)	6,931	(30,830)	(297,466)
Net increase (decrease) in cash and cash equivalents	**(2,218)**	**(115,061)**	**(1,155)**	**24,200**	**(6,511)**	**(100,745)**
Cash and cash equivalents – beginning of year	8,388	385,342	9,298	1,045	54,521	458,594
Cash and cash equivalents – end of year	**$6,170**	**$270,281**	**$8,143**	**$25,245**	**$48,010**	**$357,849**

Additional information on the foundations can be found in the foundations' separately issued annual reports, which can be obtained by contacting the individual foundation.

21. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

Amounts committed but unexpended for construction projects totaled $2.8 billion at June 30, 2021. The University has a remaining commitment to contribute $74.8 million for investments in joint ventures at June 30, 2021. The University has a remaining commitment for one of its campuses through 2036 to provide $82.6 million for fire and other city related services at June 30, 2021.

The University leases land, buildings and equipment under agreements recorded as operating leases. Operating lease expenses for the years ended June 30, 2021 and 2020 were $382.4 million and $371.9 million, respectively. The terms of the operating leases extend through 2096.

Future minimum payments on operating leases with an initial or remaining non-cancelable term in excess of one year are as follows:

(in thousands of dollars)	**UNIVERSITY OF CALIFORNIA**
Year Ending June 30	
2022	$343,258
2023	271,543
2024	232,615
2025	190,373
2026	148,120
2027-2031	481,308
2032-2036	141,472
2037-2041	35,738
2042-2046	1,993
2047-2051	1,800
2052-2056	1,800
2057-2061	1,800
2062-2066	2,213
2067-2071	4,050
2072-2076	4,050
2077-2081	4,607
2082-2086	7,087
2087-2091	7,087
2092-2096	5,788
Total	**$1,886,702**

Contingencies

Substantial amounts are received and expended by the University, including its medical centers, under federal and state programs, and are subject to audit by cognizant governmental agencies. This funding relates to research, student aid, medical center operations and other programs. University management believes that any liabilities arising from such audits will not have a material effect on the University's financial position.

The University and the campus foundations are contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, University management and general counsel are of the opinion that the outcome of such matters will not have a material effect on the University's financial position.

22. Risks and Uncertainties

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally resulting in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions and cancellations of events. While there has been and will continue to be material financial impacts to the University due to COVID-19 that affect financial results for 2022 and potentially beyond, we believe we have sufficient liquidity to meet our operating and financial needs. However, given the difficulty in predicting the duration and severity of the coronavirus on the University, the economy and the financial markets, the ultimate impact may be material.

Required Supplementary Information *(Unaudited)*

UCRP

The schedule of changes in net pension liability includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. The University's schedule of changes in the net pension liability for UCRP as of June 30 is:

(in thousands of dollars)	2021	2020	2019	2018	2017
TOTAL PENSION LIABILITY					
Service cost	$2,564,134	$2,466,497	$1,946,612	$1,873,004	$1,807,143
Interest on the total pension liability	6,311,412	5,981,599	5,576,660	5,295,733	5,035,267
Difference between expected and actual experience	462,839	(282,321)	334,605	138,419	74,664
Changes of assumptions or other inputs			7,816,717		
Benefits paid, including refunds of employee contributions	(4,299,910)	(3,944,998)	(3,816,434)	(3,587,554)	(3,320,990)
Net change in total pension liability	**5,038,475**	**4,220,777**	**11,858,160**	**3,719,602**	**3,596,084**
Total pension liability - beginning of year	92,625,385	88,404,608	76,546,448	72,826,846	69,230,762
Total pension liability - end of year	**97,663,860**	**92,625,385**	**88,404,608**	**76,546,448**	**72,826,846**
PLAN NET POSITION					
Contributions - employer	2,705,058	2,444,025	2,408,650	2,335,874	2,385,576
Contributions - member	1,053,939	1,019,302	956,543	941,144	891,987
Contributions - state				169,000	171,000
Net investment income	21,439,296	1,184,938	4,018,595	4,837,552	7,866,281
Benefits paid, including refunds of employee contributions	(4,299,910)	(3,944,998)	(3,816,434)	(3,587,554)	(3,320,990)
Administrative expense	(64,826)	(65,989)	(61,981)	(36,684)	(44,128)
Net change in plan net position	**20,833,557**	**637,278**	**3,505,373**	**4,659,332**	**7,949,726**
Plan net position - beginning of year	70,916,241	70,278,963	66,773,590	62,114,258	54,164,532
Plan net position - end of year	**91,749,798**	**70,916,241**	**70,278,963**	**66,773,590**	**62,114,258**
Net pension liability - end of year	**$5,914,062**	**$21,709,144**	**$18,125,645**	**$9,772,858**	**$10,712,588**

(in thousands of dollars)	2016	2015	2014	2013	2012
TOTAL PENSION LIABILITY					
Service cost	$1,710,241	$1,589,267	$1,519,183	$1,456,761	$1,531,094
Interest on the total pension liability	4,784,904	4,538,846	4,316,728	4,112,461	3,871,146
Difference between expected and actual experience	136,167	(112,155)	(320,624)	(183,253)	(212,758)
Changes of assumptions or other inputs		2,136,793		(3,312,815)	4,923,778
Benefits paid, including refunds of employee contributions	(3,105,641)	(2,976,992)	(2,687,540)	(2,487,369)	(2,273,071)
Net change in total pension liability	**3,525,671**	**5,175,759**	**2,827,747**	**(414,215)**	**7,840,189**
Total pension liability - beginning of year	65,705,091	60,529,332	57,701,585	58,115,800	50,275,611
Total pension liability - end of year	**69,230,762**	**65,705,091**	**60,529,332**	**57,701,585**	**58,115,800**
PLAN NET POSITION					
Contributions - employer	2,426,683	2,510,046	1,580,876	810,056	1,851,460
Contributions - member	845,036	793,012	577,466	415,641	272,420
Contributions - state	96,000				
Net investment income	(1,104,655)	1,993,801	8,009,980	4,833,339	115,863
Benefits paid, including refunds of employee contributions	(3,105,642)	(2,976,993)	(2,687,540)	(2,487,369)	(2,273,071)
Administrative expense	(48,340)	(48,283)	(37,641)	(37,426)	(32,839)
Net change in plan net position	**(890,918)**	**2,271,583**	**7,443,141**	**3,534,241**	**(66,167)**
Plan net position - beginning of year	55,055,450	52,783,867	45,340,726	41,806,485	41,872,652
Plan net position - end of year	**54,164,532**	**55,055,450**	**52,783,867**	**45,340,726**	**41,806,485**
Net pension liability - end of year	**$15,066,230**	**$10,649,641**	**$7,745,465**	**$12,360,859**	**$16,309,315**

The University's schedule of net pension liability for UCRP as of June 30 is:

(in thousands of dollars)	2021	2020	2019	2018	2017
Total pension liability	$97,663,860	$92,625,385	$88,404,608	$76,546,448	$72,826,846
Plan net position	91,749,798	70,916,241	70,278,963	66,773,590	62,114,258
Net pension liability	**$5,914,062**	**$21,709,144**	**$18,125,645**	**$9,772,858**	**$10,712,588**
Ratio of plan net position to total pension liability	93.9%	76.6%	79.5%	87.2%	85.3%
Covered payroll	$13,215,494	$13,056,696	$12,168,209	$11,923,489	$11,301,506
Net pension liability as a percentage of covered payroll	44.8%	166.3%	149.0%	82.0%	94.8%

(in thousands of dollars)	2016	2015	2014	2013	2012
Total pension liability	$69,230,762	$65,705,091	$60,529,332	$57,701,585	$58,115,800
Plan net position	54,164,532	55,055,450	52,783,867	45,340,726	41,806,485
Net pension liability	**$15,066,230**	**$10,649,641**	**$7,745,465**	**$12,360,859**	**$16,309,315**
Ratio of plan net position to total pension liability	78.2%	83.8%	87.2%	78.6%	71.9%
Covered payroll	$10,689,424	$10,047,570	$9,372,583	$8,921,077	$8,594,147
Net pension liability as a percentage of covered payroll	140.9%	106.0%	82.6%	138.6%	189.8%

The University's schedule of employer contributions for UCRP as of June 30 is:

(in thousands of dollars)

YEAR ENDED JUNE 30	ACTUARIALLY DETERMINED CONTRIBUTIONS	CONTRIBUTIONS IN RELATION TO ACTUARIAL CONTRIBUTIONS	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL
2021	$3,523,568	$2,705,058	$818,510	$13,215,494	20%
2020	2,516,234	2,444,025	72,209	13,056,696	19
2019	2,742,671	2,408,650	334,021	12,168,209	20
2018	2,669,169	2,504,874	164,295	11,923,489	21
2017	2,654,710	2,556,576	98,134	11,301,506	23
2016	2,610,953	2,522,683	88,270	10,689,424	24
2015	2,664,384	2,510,046	154,338	10,047,570	25
2014	2,472,697	1,580,876	891,821	9,372,583	17
2013	2,062,022	810,056	1,251,966	8,921,077	9
2012	1,806,205	1,851,459	(45,254)	8,594,147	22

NOTES TO SCHEDULE

Methods and assumptions used to determined contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age actuarial cost method.
Amortization method	Level dollar, closed periods.
Remaining amortization period	17.97 years as of July 1, 2020.
	The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in Unfunded Actuarial Accrued Liability (UAAL) due to actuarial experience gains or losses after July 1, 2010, are separately amortized over a fixed (closed) 30-year period effective with that valuation. Any changes in UAAL due to a change in actuarial assumptions or plan provisions are separately amortized over a fixed (closed)15-year period. Any changes in UAAL due to actuarial experience gains or losses or a change in actuarial assumptions after July 1, 2014, are separately amortized over a fixed (closed) 20-year period.
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. An unrecognized return is equal to the difference between the actual and the expected return on a market value basis and is recognized over a five-year period.
Inflation	2.50%.
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation.
Projected salary increases	3.65-5.95%, varying by service, including inflation.
Cost-of-living adjustments	2.00%.
Mortality	Active and inactive: Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table.
	Healthy: Pub-2010 Healthy Teacher Amount-Weighted Above-Median Mortality Table, multiplied by 90 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 110 percent for other female members.
	Beneficiaries of retired members: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 90 percent for females.
	Disabled: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table.
	All mortality tables listed above are projected generationally with the two-dimensional mortality improvement scale MP-2018.

UC-VERIP

The University's schedule of changes in net pension liability for UC-VERIP as of June 30 is:

(in thousands of dollars)	2021	2020	2019	2018	2017
TOTAL PENSION LIABILITY					
Interest on the total pension liability	$1,513	$1,656	$1,983	$2,042	$2,463
Difference between expected and actual experience	179	(1,342)	(79)	(436)	(189)
Changes of assumptions or other inputs			714		
Benefits paid, including refunds of employee contributions	(3,750)	(4,142)	(4,213)	(4,610)	(4,738)
Net change in total pension surplus	**(2,058)**	**(3,828)**	**(1,595)**	**(3,004)**	**(2,464)**
Total pension liability - beginning of year	24,117	27,945	29,540	32,544	35,008
Total pension liability - end of year	**22,059**	**24,117**	**27,945**	**29,540**	**32,544**
PLAN NET POSITION					
Net investment income	18,277	1,049	3,748	4,885	8,666
Benefits paid, including refunds of employee contributions	(3,750)	(4,142)	(4,213)	(4,610)	(4,738)
Administrative expense	(4)	(4)	(5)	(5)	(6)
Net change in plan net position	**14,523**	**(3,097)**	**(470)**	**270**	**3,922**
Plan net position - beginning of year	61,681	64,778	65,248	64,978	61,056
Plan net position - end of year	**76,204**	**61,681**	**64,778**	**65,248**	**64,978**
Net pension surplus - end of year	**($54,145)**	**($37,564)**	**($36,833)**	**($35,708)**	**($32,434)**

(in thousands of dollars)	2016	2015	2014	2013	2012
TOTAL PENSION LIABILITY					
Interest on the total pension liability	$2,533	$2,704	$2,857	$3,052	$3,227
Changes of benefit terms					11,186
Difference between expected and actual experience	(650)	242	(436)	(241)	172
Changes of assumptions or other inputs		1,837			1,268
Benefits paid, including refunds of employee contributions	(4,937)	(5,081)	(5,169)	(5,278)	(5,369)
Net change in total pension liability (surplus)	**(3,054)**	**(298)**	**(2,748)**	**(2,467)**	**10,484**
Total pension liability - beginning of year	38,062	38,360	41,108	43,575	33,091
Total pension liability - end of year	**35,008**	**38,062**	**38,360**	**41,108**	**43,575**
PLAN NET POSITION					
Net investment income	(1,425)	2,550	11,035	7,144	90
Benefits paid, including refunds of employee contributions	(4,937)	(5,081)	(5,169)	(5,278)	(5,369)
Administrative expense	(7)	(6)	(6)	(7)	(7)
Net change in plan net position	**(6,369)**	**(2,537)**	**5,860**	**1,859**	**(5,286)**
Plan net position - beginning of year	67,425	69,962	64,102	62,243	67,529
Plan net position - end of year	**61,056**	**67,425**	**69,962**	**64,102**	**62,243**
Net pension surplus - end of year	**($26,048)**	**($29,363)**	**($31,602)**	**($22,994)**	**($18,668)**

The University's schedule of net pension asset for UC-VERIP as of June 30 is:

(in thousands of dollars)	2021	2020	2019	2018	2017
Total pension liability	$22,059	$24,117	$27,945	$29,540	$32,544
Plan net position	76,204	61,681	64,778	65,248	64,978
Net pension surplus	**($54,145)**	**($37,564)**	**($36,833)**	**($35,708)**	**($32,434)**
Ratio of plan net position to total pension liability	345.5%	255.8%	231.8%	220.9%	199.7%

(in thousands of dollars)	2016	2015	2014	2013	2012
Total pension liability	$35,008	$38,062	$38,360	$41,108	$43,575
Plan net position	61,056	67,425	69,962	64,102	62,243
Net pension surplus	**($26,048)**	**($29,363)**	**($31,602)**	**($22,994)**	**($18,668)**
Ratio of plan net position to total pension liability	174.4%	177.1%	182.4%	155.9%	142.8%

The University is not required to make contributions to the UC-VERIP due to its fully funded status.

CHRCO PENSION PLAN

The schedule of changes in the net pension liability for the CHRCO Pension Plan as of June 30:

(in thousands of dollars)	2021	2020	2019	2018
TOTAL PENSION LIABILITY				
Service cost	$14,873	$12,648	$11,430	$11,304
Interest on the total pension liability	38,932	36,005	34,165	31,854
Changes of benefit terms				92
Difference between expected and actual experience	18,527	23,581	5,214	3,609
Changes of assumptions or other inputs	(2,413)	28,609	(9,540)	
Benefits paid, including refunds of employee contributions	(19,684)	(17,262)	(15,143)	(12,802)
Net change in total pension liability	**50,235**	**83,581**	**26,126**	**34,057**
Total pension liability - beginning of year	593,916	510,335	484,209	450,152
Total pension liability - end of year	**644,151**	**593,916**	**510,335**	**484,209**
PLAN NET POSITION				
Contributions - employer	31,752	31,200	31,200	33,600
Net investment income (loss)	111,835	(7,468)	25,203	33,269
Benefits paid, including refunds of employee contributions	(19,684)	(17,262)	(15,143)	(12,802)
Administrative expense	(3,600)	(3,598)	(2,711)	(3,014)
Net change in plan net position	**120,303**	**2,872**	**38,549**	**51,053**
Total plan net position - beginning of year	501,482	498,610	460,061	409,008
Total plan net position - end of year	**621,785**	**501,482**	**498,610**	**460,061**
Net pension liability - end of year	**$22,366**	**$92,434**	**$11,725**	**$24,148**

(in thousands of dollars)	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service cost	$9,910	$10,410	$9,448	$9,274
Interest on the total pension liability	29,672	27,782	24,683	22,453
Changes of benefit terms	33	24	40	142
Difference between expected and actual experience	2,442	(3,690)	762	2,487
Changes of assumptions or other inputs		3,613	33,105	
Benefits paid, including refunds of employee contributions	(11,767)	(9,509)	(8,082)	(6,994)
Net change in total pension liability	**30,290**	**28,630**	**59,956**	**27,362**
Total pension liability - beginning of year	419,862	391,232	331,276	303,914
Total pension liability - end of year	**450,152**	**419,862**	**391,232**	**331,276**
PLAN NET POSITION				
Contributions - employer	28,800	24,000	18,000	14,500
Net investment income	41,256	214	11,797	48,704
Benefits paid, including refunds of employee contributions	(11,767)	(9,509)	(8,082)	(6,994)
Administrative expense	(2,727)	(1,816)	(1,222)	(718)
Net change in plan net position	**55,562**	**12,889**	**20,493**	**55,492**
Total plan net position - beginning of year	353,446	340,557	320,064	264,572
Total plan net position - end of year	**409,008**	**353,446**	**340,557**	**320,064**
Net pension liability - end of year	**$41,144**	**$66,416**	**$50,675**	**$11,212**

The schedule of net pension liability for the CHRCO Pension Plan as of June 30 is:

(in thousands of dollars)	2021	2020	2019	2018
Total pension liability	$644,151	$593,916	$510,335	$484,209
Plan net position	621,785	501,482	498,610	460,061
Net pension liability	**$22,366**	**$92,434**	**$11,725**	**$24,148**
Ratio of plan net position to total pension liability	96.5%	84.4%	97.7%	95.0%
Covered payroll	$220,208	$209,596	$190,599	$187,639
Net pension liability as a percentage of covered payroll	10.2%	44.1%	6.2%	12.9%

(in thousands of dollars)	2017	2016	2015	2014
Total pension liability	$450,152	$419,862	$391,232	$331,276
Plan net position	409,008	353,446	340,557	320,064
Net pension liability	**$41,144**	**$66,416**	**$50,675**	**$11,212**
Ratio of plan net position to total pension liability	90.9%	84.2%	87.0%	96.6%
Covered payroll	$184,083	$165,672	$177,986	$175,189
Net pension liability as a percentage of covered payroll	22.4%	40.1%	28.5%	6.4%

The schedule of employer contributions for the CHRCO Pension Plan as of June 30 is:

(in thousands of dollars)	**2021**	**2020**	**2019**	**2018**
Actuarially calculated employer contributions	$15,270	$22,070	$17,870	$7,710
Contributions in relation to the actuarially calculated employer contribution	31,752	31,200	31,200	33,600
Annual contribution deficiency (excess)	**($16,482)**	**($9,130)**	**($13,330)**	**($25,890)**
Covered payroll	$220,208	$209,596	$190,599	$187,639
Actual contributions as a percentage of covered payroll	14.4%	14.9%	16.4%	17.9%

(in thousands of dollars)	**2017**	**2016**	**2015**	**2014**
Actuarially calculated employer contributions	$5,642	$7,823	$12,239	$21,282
Contributions in relation to the actuarially calculated employer contribution	28,800	24,000	18,000	14,500
Annual contribution deficiency (excess)	**($23,158)**	**($16,177)**	**($5,761)**	**$6,782**
Covered payroll	$184,083	$165,672	$177,986	$175,189
Actual contributions as a percentage of covered payroll	15.6%	14.5%	10.1%	8.3%

NOTES TO SCHEDULE

Methods and assumptions used to determine contribution rates:

Valuation date	Actuarially calculated contributions are calculated as of January 1 of the fiscal year (for the Rep Plan) and as of July 1 of the beginning of the fiscal year (for the Unrep Plan) in which contributions are reported.
Actuarially determined contribution	The Plan is subject to funding requirements under ERISA. The contribution shown is the IRC Section 430 minimum contribution prior to offset by credit balances prorated for the number of months in the fiscal year. For the period January 1, 2014 to June 30, 2014, the amount shown does not reflect changes in the Highway and Transportation Funding Act of 2014 (HATFA). The contribution for July 1, 2014 to June 30, 2015, and after includes HATFA. The contribution for July 1, 2020 and after reflects the American Rescue Plan Act of 2021 (ARPA).
Contributions in relation to the actuarially determined contribution	The amount shown is equal to the contributions contributed to the Plan during the fiscal year shown.
Actuarial cost method	Unit Credit Actuarial Cost Method.
Amortization method	Level dollar, closed amortization over a 7-year period from the valuation date as specified under PPA.
Remaining amortization period	15 years for changes in unfunded liabilities that occur each valuation date.
Asset valuation method	The actuarial value of assets is equal to the two-year average of Plan asset values as of the valuation date. The 2-year average is the average of the two prior years' adjusted market value of assets and the current year's market value of assets. For this purpose, the prior years' market value of assets is adjusted to reflect benefit payments, administrative expenses, contributions and expected returns for the prior years. The resulting actuarial value of assets is adjusted to be within 10% of the market value of assets at the valuation date, as required by IRC Section 430.
Inflation	2.8%.
Investment rate of return	6.5%.
Projected salary increases	Represented employees: 3.75% starting in Plan Year 2021 and after; Unrepresented employees: 2.0% for Plan Year 2021, 3.0% for Plan Years 2022 and 2023 and 3.75% for Plan Year 2024 and after.
Cost-of-living adjustments	N/A.
Mortality	IRS generational mortality table prescribed for the valuation year.

OCERS

The schedule of the University's proportionate share of OCERS' net pension liability is presented below:

(in thousands of dollars)

AS OF JUNE 30	PROPORTION OF THE NET PENSION LIABILITY	PROPORTIONATE SHARE OF NET PENSION LIABILITY	COVERED PAYROLL	PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY
2021	0.3%	$12,669			75.3%
2020	0.3	15,107			71.6
2019	0.3	17,404			67.9
2018	0.3	13,822	$15	92,146.7%	75.1
2017	0.3	18,057	44	41,038.6	69.0
2016	0.3	18,092	285	6,348.1	69.5

University Retiree Health Benefits Program

The schedule of changes in the net retiree health benefits liability includes multiyear trend information about whether the net retiree health benefits liability is increasing or decreasing over time. The University's net retiree health benefits liability includes liabilities for campuses, medical centers and LBNL. The University's schedule of changes in the net retiree health benefits liability as of, and for, the year ending June 30 is:

(in thousands of dollars)	2021	2020	2019	2018
TOTAL RETIREE HEALTH BENEFITS LIABILITY				
Service cost	$1,296,146	$912,067	$815,654	$835,154
Interest on the total retiree health benefits liability	554,169	724,584	758,521	716,777
Changes of benefit terms			(29,315)	
Difference between expected and actual experience	(521,647)	(1,539,139)	(1,219,146)	(1,173,742)
Changes of assumptions or other inputs	212,837	4,354,033	1,124,039	(354,585)
Retiree contributions	88,625	86,166	85,820	79,849
Benefits paid	(551,760)	(546,616)	(512,824)	(504,745)
Net change in total retiree health benefits liability	**1,078,370**	**3,991,095**	**1,022,749**	**(401,292)**
Total retiree health benefits liability - beginning of year	24,009,690	20,018,595	18,995,846	19,397,138
Total retiree health benefits liability - end of year	**25,088,060**	**24,009,690**	**20,018,595**	**18,995,846**
PLAN NET POSITION				
University contributions	482,099	462,609	451,437	453,988
Retiree contributions	88,625	86,166	85,820	79,849
Net investment income	208	2,281	3,195	1,634
Insurance premiums	(551,760)	(546,616)	(512,824)	(504,745)
Other deductions	(4,369)	(4,531)	(4,300)	(3,859)
Net change in retiree health benefits net position	**14,803**	**(91)**	**23,328**	**26,867**
Retiree health benefits net position - beginning of year	156,818	156,909	133,581	106,714
Retiree health benefits net position - end of year	**171,621**	**156,818**	**156,909**	**133,581**
Net retiree health benefits liability - end of year	**$24,916,439**	**$23,852,872**	**$19,861,686**	**$18,862,265**

(in thousands of dollars)	2017	2016	2015
TOTAL RETIREE HEALTH BENEFITS LIABILITY			
Service cost	$1,004,644	$830,041	$702,935
Interest on the total retiree health benefits liability	646,279	735,294	719,853
Difference between expected and actual experience	101,280	(1,948,111)	
Changes of assumptions or other inputs	(3,827,924)	3,925,503	1,402,476
Retiree contributions	72,716	65,705	56,340
Benefits paid	(467,846)	(451,166)	(435,189)
Net change in total retiree health benefits liability	**(2,470,851)**	**3,157,266**	**2,446,415**
Total retiree health benefits liability - beginning of year	21,867,989	18,710,723	16,264,308
Total retiree health benefits liability - end of year	**19,397,138**	**21,867,989**	**18,710,723**
PLAN NET POSITION			
University contributions	432,953	410,945	367,416
Retiree contributions	72,716	65,705	56,340
Net investment income	606	155	41
Insurance premiums	(467,846)	(451,166)	(435,189)
Other deductions	(4,256)	(3,743)	(3,147)
Net change in retiree health benefits net position	**34,173**	**21,896**	**(14,539)**
Retiree health benefits net position - beginning of year	72,541	50,645	65,184
Retiree health benefits net position - end of year	**106,714**	**72,541**	**50,645**
Net retiree health benefits liability - end of year	**$19,290,424**	**$21,795,448**	**$18,660,078**

The University's schedule of net retiree health benefits liability as of June 30 is:

(in thousands of dollars)	2021	2020	2019	2018
Total retiree health benefits liability	$25,088,060	$24,009,690	$20,018,595	$18,995,846
Retiree health benefits net position	171,621	156,818	156,909	133,581
Net retiree health benefits liability	**$24,916,439**	**$23,852,872**	**$19,861,686**	**$18,862,265**
Ratio of retiree health benefits net position to total retiree health benefits liability	0.7%	0.7%	0.8%	0.7%
Covered payroll	$13,975,566	$13,461,790	$12,717,122	$12,391,018
Net retiree health benefits liability as a percentage of covered payroll	178.3%	177.2%	156.2%	152.2%
Discount rate	2.16%	2.21%	3.50%	3.87%

(in thousands of dollars)	2017	2016	2015
Total retiree health benefits liability	$19,397,138	$21,867,989	$18,710,723
Retiree health benefits net position	106,714	72,541	50,645
Net retiree health benefits liability	**$19,290,424**	**$21,795,448**	**$18,660,078**
Ratio of retiree health benefits net position to total retiree health benefits liability	0.6%	0.3%	0.3%
Covered payroll	$11,495,997	$10,689,424	$10,047,570
Net retiree health benefits liability as a percentage of covered payroll	167.8%	203.9%	185.7%
Discount rate	3.58%	2.85%	3.80%

University of California Retiree Health Benefit Trust

The schedule of changes in the net retiree health benefits liability includes multiyear trend information about whether the trust assets are increasing or decreasing over time relative to the total retiree health benefits liability for the campuses and medical centers. UCRHBT's schedule of changes in net retiree health benefits liability as of, and for, the year ending June 30 is:

(in thousands of dollars)	2021	2020	2019	2018
TOTAL RETIREE HEALTH BENEFIT LIABILITY				
Service cost	$1,270,153	$893,557	$798,249	$816,483
Interest on the total retiree health benefits liability	538,187	702,640	734,693	694,562
Changes of benefit terms			(28,401)	
Difference between expected and actual experience	(493,529)	(1,474,623)	(1,175,284)	(1,149,032)
Changes of assumptions or other inputs	206,722	4,222,620	1,091,609	(353,516)
Retiree contributions	85,607	83,111	82,710	76,873
Benefits paid	(529,804)	(525,262)	(490,615)	(483,479)
Net change in total retiree health benefits liability	**1,077,336**	**3,902,043**	**1,012,961**	**(398,109)**
Total retiree health benefits liability - beginning of year	23,303,096	19,401,053	18,388,092	18,786,201
Total retiree health benefits liability - end of year	**24,380,432**	**23,303,096**	**19,401,053**	**18,388,092**
PLAN NET POSITION				
University contributions	463,161	444,310	432,338	435,698
Retiree contributions	85,607	83,111	82,710	76,873
Net investment income	208	2,281	3,195	1,634
Insurance premiums	(529,804)	(525,262)	(490,615)	(483,479)
Other deductions	(4,369)	(4,531)	(4,300)	(3,859)
Net change in UCRHBT net position	**14,803**	**(91)**	**23,328**	**26,867**
UCRHBT net position - beginning of year	156,818	156,909	133,581	106,714
UCRHBT net position - end of year	**171,621**	**156,818**	**156,909**	**133,581**
Net retiree health benefits liability - end of year	**$24,208,811**	**$23,146,278**	**$19,244,144**	**$18,254,511**

(in thousands of dollars)	2017	2016	2015
TOTAL RETIREE HEALTH BENEFIT LIABILITY			
Service cost	$981,745	$806,817	$683,320
Interest on the total retiree health benefits liability	625,947	711,365	695,999
Difference between expected and actual experience	95,254	(1,875,009)	
Changes of assumptions or other inputs	(3,707,921)	3,798,113	1,358,761
Retiree contributions	69,968	65,705	56,340
Benefits paid	(447,604)	(433,849)	(418,244)
Net change in total retiree health benefits liability	**(2,382,611)**	**3,073,142**	**2,376,176**
Total retiree health benefits liability - beginning of year	21,168,812	18,095,670	15,719,494
Total retiree health benefits liability - end of year	**18,786,201**	**21,168,812**	**18,095,670**
PLAN NET POSITION			
University contributions	415,459	393,628	350,471
Retiree contributions	69,968	65,705	56,340
Net investment income	606	155	41
Insurance premiums	(447,604)	(433,849)	(418,244)
Other deductions	(4,256)	(3,743)	(3,147)
Net change in UCRHBT net position	**34,173**	**21,896**	**(14,539)**
UCRHBT net position - beginning of year	72,541	50,645	65,184
UCRHBT net position - end of year	**106,714**	**72,541**	**50,645**
Net retiree health benefits liability - end of year	**$18,679,487**	**$21,096,271**	**$18,045,025**

UCRHBT's schedule of net retiree health benefits liability for campuses and medical centers as of June 30 is:

(in thousands of dollars)	2021	2020	2019	2018
Total retiree health benefits liability	$24,380,432	$23,303,096	$19,401,053	$18,388,092
UCRHBT net position	171,621	156,818	156,909	133,581
Net retiree health benefits liability	**$24,208,811**	**$23,146,278**	**$19,244,144**	**$18,254,511**
Ratio of UCRHBT net position to total retiree health benefits liability	0.7%	0.7%	0.8%	0.7%
Covered payroll	$13,595,891	$13,104,846	$12,381,741	$12,087,000
Net retiree health benefits liability as a percentage of covered payroll	178.1%	176.6%	155.4%	151.0%
Discount rate	2.16%	2.21%	3.50%	3.87%

(in thousands of dollars)	2017	2016	2015
Total retiree health benefits liability	$18,786,201	$21,168,812	$18,095,670
UCRHBT net position	106,714	72,541	50,645
Net retiree health benefits liability	**$18,679,487**	**$21,096,271**	**$18,045,025**
Ratio of UCRHBT net position to total retiree health benefits liability	0.6%	0.3%	0.3%
Covered payroll	$11,196,485	$10,396,827	$9,758,795
Net retiree health benefits liability as a percentage of covered payroll	166.8%	202.9%	184.9%
Discount rate	3.58%	2.85%	3.80%


Large Magellanic Cloud
Miaplacidus
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UNIVERSITY OF CALIFORNIA

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